

# 2009 ANNUAL UPDATE REPORT

# ECONOMIC FORECAST

## AND BUSINESS OUTLOOK



DOWNTOWN PASO ROBLES

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L to R: Cary Adler, Dave Belmont, & Kevin Dye

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As they celebrate their first year in business as ABD Insurance Services, Cary Adler, Dave Belmont, and Kevin Dye wish to thank their clients and the community they serve. Longtime residents of the Central Coast, each member of the ABD team believes in a philosophy that is client-centered and community-based. "We thank you for trusting us to protect today's dreams against tomorrow's uncertainties."

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## FEATURED SPEAKERS

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**Bill Watkins, Ph.D.** is the Executive Director of the UC Santa Barbara Economic Forecast, a position he has held since January 2000. Immediately prior to joining the Staff at the Economic Forecast, Dr. Watkins was an economist at the Board of Governors of the Federal Reserve System in Washington D.C. where he worked and performed research in the Monetary Affairs Division. He has been published in academic journals and in the popular press. He is often interviewed and quoted by various media.

Under Bill Watkins, the UCSB Economic Forecast has expanded the geographic scope of its forecasting activities, to include The United States and California. The US & California Economic Outlook presentations are held quarterly at different locations throughout the state.

Dr. Watkins had approximately 19 years of lending experience, mostly in Southern California banks, when he returned to graduate school in the early 1990s. He earned his Ph.D. in Economics at the University of California, Santa Barbara, in 1998.



**Maggie Cox's** diversified background has helped hone her skills in the marketing profession. A graduate of the University of California at Davis with a degree in mass communication, she began her career in the television industry, holding various marketing positions at TV stations in San Francisco, Salinas/Monterey and Sacramento. Maggie moved to the Central Coast in 1983 and was named communications director for the San Luis Obispo Chamber of Commerce. She was later tapped to be the chamber's first ever director of government affairs.

Maggie and her husband, Dave, created Barnett Cox and Associates 20 years ago. Barnett Cox is a full service marketing and public relations firm headquartered in San Luis Obispo and representing a range of clients including Chevron, PG&E, Idlers Appliances, the California Mid State Fair and the Atascadero Mutual Water District.

Maggie recently completed a term as chair of the SLO County Board of the UCSB Economic Forecast Project, is the 2009 chair of the Governing Board of Sierra Vista Regional Medical Center and serves on the advisory council for communications in the Cal Poly College of Agriculture. She is a past winner of a Cuesta College Woman of Distinction Award and numerous "Who's Who in Business" honors. In 1993 she and Dave were named Citizens of the Year by the SLO Chamber of Commerce.

Barnett Cox has been recognized with numerous honors, including ten recent awards from the American Federation of Advertising Agencies. Maggie is active in the local community and is the mother of two grown daughters.



**Congressman Kevin McCarthy** was born in Bakersfield, California, and is a fourth-generation Kern County resident. He was first elected to represent the 22nd District of California in the United States House of Representatives in November 2006, and has focused his work in Congress to represent his constituents from California's 22nd District in Congress. In November 2008, he was reelected to his second term.

For the 111th Congress, Republican Whip, Eric Cantor, appointed McCarthy to serve in the House Leadership as the Chief Deputy Republican Whip, the highest appointed position in the House Republican Conference. Congressman McCarthy also serves on the Financial Services Committee and was reappointed to the House Administration Committee.

During the 110th Congress, McCarthy served on the following five standing House Committees: Financial Services, Homeland Security, Natural Resources, Agriculture, and House Administration. During this first term, McCarthy was one of only three Republicans appointed by House Republican Leader John Boehner to serve on the House Administration Committee and became the Ranking Member on the Subcommittee on Elections. McCarthy was also named to the powerful House Republican Steering Committee, which controls the committee assignments of House Republican members.

Before his 21st birthday, McCarthy successfully opened and operated a small business, Kevin O's Deli. Owning a small business gave McCarthy important experience about the difficulties that entrepreneurs face from burdensome regulations and onerous taxes. After selling his business and finishing his undergraduate degree and Masters in Business Administration at California State University, Bakersfield, McCarthy worked for former Congressman Bill Thomas, and successfully won his first election in 2000 as Trustee to the Kern Community College District.

In 2002, McCarthy was elected to represent the 32nd Assembly District in the California State Assembly. As a freshman legislator, he was selected unanimously by his Republican colleagues to serve as the Assembly Republican Leader, becoming the first freshman legislator and the first legislator from Kern County to assume the top post. In this leadership role, McCarthy worked with the Governor and Democrat leaders in the state Assembly and Senate to address critical state issues, such as reducing California's budget deficit, overhauling the state worker's compensation system, and enhancing California's poor business climate to create more opportunities for California workers and businesses.

McCarthy and his wife, Judy, have two children. They reside in Bakersfield where he travels back every weekend from Washington D.C.

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Improving Home Improvement™

**Barry Harcharufka**, Regional Vice President of Lowe's Companies, Inc., is a key leader in Lowe's recent expansion in the western United States. In his 20 years with Lowe's Home Improvement, he has been a part of the leadership team that grew the company from a regional home improvement retailer into a multi-national corporation. When he came to the Phoenix in 2000 to help with Lowe's growth into exciting new markets, Barry brought with him a focus on growing a business by working within diverse and unique communities. As a result of his efforts and leadership by the end of 2009 he will supervise 80 locations and 10000 employees in Nevada, Arizona, Utah, and California.

Despite the current challenges in the home improvement industry, Barry's clear message to his teams is one of opportunity. Lowe's new location in Paso Robles is in many ways a symbol of that philosophy, as the new store represents a careful and strategic yet optimistic recognition that the future of a Fortune 500 company like Lowe's is tied directly to the energy and hope within thriving communities like Paso Robles.



**Julian D. Crocker, Ed.D.** The San Luis Obispo County Superintendent of Schools is a countywide elected office authorized by the State Constitution of California, and has a four-year term. The office is an educational service agency that performs a variety of leadership, oversight, and direct service functions for ten local school districts in the county, serving over 36,000 students.

Dr. Crocker was first elected as County Superintendent in 1998, and re-elected in 2006 for a third four-year term. Prior to becoming County Superintendent of Schools, Dr. Crocker served as Superintendent of Schools for the Paso Robles Joint Unified School District for nine years. He has also been Superintendent of Schools in San Mateo and Palo Alto, California.

He is a native of Tennessee, coming to California in 1972. He has a bachelors and masters degree from Vanderbilt University, and his doctorate is from Harvard University. He and his wife, Donna, have four children and live in Cambria.

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presents

**THE 2009  
CITY OF PASO ROBLES  
ECONOMIC FORECAST**

by

**UC SANTA BARBARA ECONOMIC FORECAST PROJECT**

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Volume 8 • June 2009

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The **Paso Robles Chamber of Commerce** is an active organization of more than 1,100 members. It is a diverse association of professionals working together for a healthy business climate. Through the Chamber's work, we are proud to be a voice for business and an integral part of the Paso Robles community.

Paso Robles is, in two words, "business friendly." The City of Paso Robles has enticed many new business ventures. Our strong local economy, safe streets, clean environment and charming downtown are the community attributes most frequently cited for attracting new businesses and residents.

**UC Santa Barbara Economic Forecast Project** was established in 1981 by the Department of Economics. It is now a research program of UC Santa Barbara administered by the Office of the Vice Chancellor, Institutional Advancement. Research funding for the Economic Forecast Project comes principally from the local community in the form of *sponsorships*. The Economic Forecast Project regularly provides current economic and business information to participating sponsors.

**The UC Santa Barbara Economic Forecast Project proudly presents our eighth annual *City of Paso Robles Economic Forecast*, published in conjunction with the Paso Robles Chamber of Commerce.**

**This publication is significantly different than our *San Luis Obispo County Economic Outlook*. It is focused on Paso Robles, its economy, its demographics, and its community. For each data series, we provide historical data and two years of forecast data. The city level data is either for the City defined by its incorporation limits or defined as a metropolitan area, (the city limits and nearby areas). We provide State, Tri-County, and County level data for perspective.**

**Please forward any questions or comments about the data to the  
UC Santa Barbara Economic Forecast Project.**

## **Paso Robles City Forecast Highlights**

### **California and National**

The United States economy is in the depths of the worst recession since the 1930s. Right now, there is remarkable uncertainty among economists about the short-term economic prospects. Some expect a recovery later this year. Many don't. Some believe the recovery will be robust. Others think the recovery will be subdued. Some economists are worried about imminent inflation. Some are worried about imminent deflation. We believe the recession will persist until 2010's second half. We look at the inflation/deflation question as one of two remarkably close equilibria. Either could happen, but we believe the probability of deflation is the slightly higher of the two. Most likely, the recovery will be very subdued.

California's economy has been far worse than the United States economy. California started losing jobs earlier. It has been losing jobs at a faster pace. Housing is a significant contributor to California's problems, but there are other issues. The State's continuing budget crisis, increasing taxes, and increasing regulation will continue to weaken California's economy for the foreseeable future.

### **County**

San Luis Obispo County's economic growth abruptly turned negative in 2008, and the rate of decline appears to be accelerating. The County's large government sector will soon become weaker, as California finally is forced to address its budget issues. Continued foreclosures will contribute to continuing weakness. Unfortunately, all this along with California's weakness implies declining economic activity in San Luis Obispo County through 2010.

### **City**

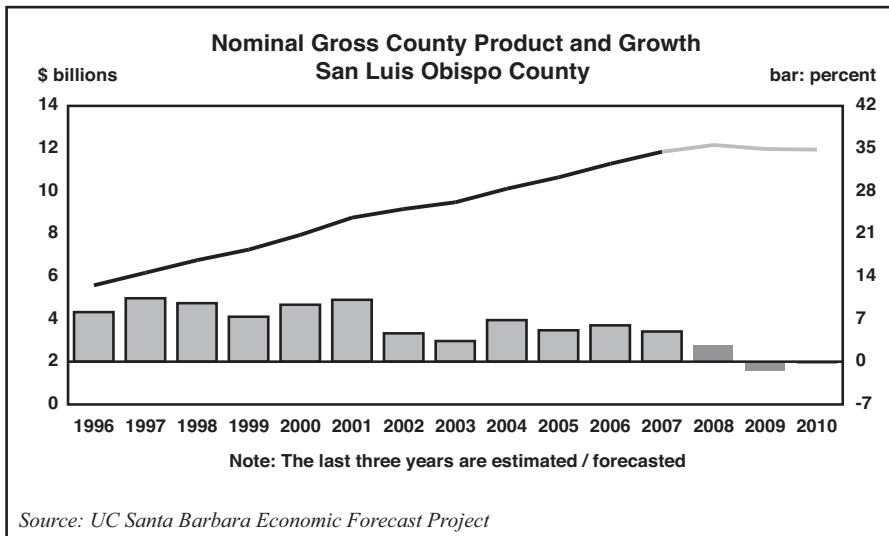
For years Paso Robles has been the economic growth engine of San Luis Obispo County. However, with the slowdown in residential real estate, the City's economic growth rate has slowed dramatically. While it may take a few years for Paso Robles' above-average growth rates to return, we are confident they will.

# TABLE 1: GROSS REGIONAL PRODUCT

	1999	2000	2001	2002	2003
<b>California</b>					
Gross State Product (\$ billions)	1,180.6	1,287.1	1,301.1	1,340.4	1,406.5
Gross State Product (\$ 2000 billions)	1,196.6	1,287.1	1,281.7	1,298.8	1,337.8
percent change	7.9	7.6	-0.4	1.3	3.0
Per Capita State Product (\$ thousands)	36.3	39.0	39.1	41.4	42.3
percent change (\$ 2000)	5.0	3.8	-3.1	1.9	-1.0
<b>The Tri-Counties</b>					
Gross County Product (\$ billions)	54.3	59.4	63.4	65.7	69.8
Gross County Product (\$ 2000 billions)	55.5	59.3	62.1	63.7	65.6
percent change	13.9	7.0	4.7	2.5	3.1
All Industries Payroll (\$ billions)	17.0	19.1	19.9	20.4	21.6
All Industries Payroll (\$ 2000 billions)	17.6	19.1	19.2	19.2	19.8
percent change	6.2	8.5	0.8	-0.3	3.1
Per Capita Gross County Product (\$ thousands)	39.6	42.6	44.7	45.6	47.8
percent change (\$ 2000)	12.6	5.2	2.8	1.0	1.8
<b>San Luis Obispo County County</b>					
Gross County Product (\$ billions)	7.3	7.9	8.8	9.2	9.5
Gross County Product (\$ 2000 billions)	7.6	7.9	8.5	8.7	8.7
percent change	6.4	5.1	6.4	2.4	0.1
All Industries Payroll (\$ billions)	2.5	2.7	2.8	3.0	3.0
All Industries Payroll (\$ 2000 billions)	2.6	2.7	2.7	2.8	2.8
percent change	4.8	3.8	3.2	2.0	-0.1
Per Capita Gross County Product (\$ thousands)	30.0	32.3	35.0	36.1	37.0
percent change (\$ 2000)	5.1	3.5	4.5	1.1	-0.8
Per Worker Gross County Product (\$ thousands)	76.7	81.6	86.3	89.1	93.2
percent change (\$ 2000)	2.3	2.2	2.1	1.1	1.3
<b>Paso Robles Metropolitan Area</b>					
Gross City Product (\$ billions)	1.2	1.3	1.3	1.4	1.5
Gross City Product (\$ 2000 billions)	1.1	1.3	1.3	1.4	1.4
percent change	8.2	10.6	4.4	4.2	1.0
All Industries Payroll (\$ billions)	0.3	0.3	0.3	0.4	0.4
All Industries Payroll (\$ 2000 billions)	0.3	0.3	0.3	0.3	0.3
percent change	5.7	8.2	5.9	2.0	-3.0
Per Worker Gross City Product (\$ thousands)	101.1	103.3	106.1	107.1	112.9
percent change (\$ 2000)	0.6	2.6	1.3	0.6	2.8

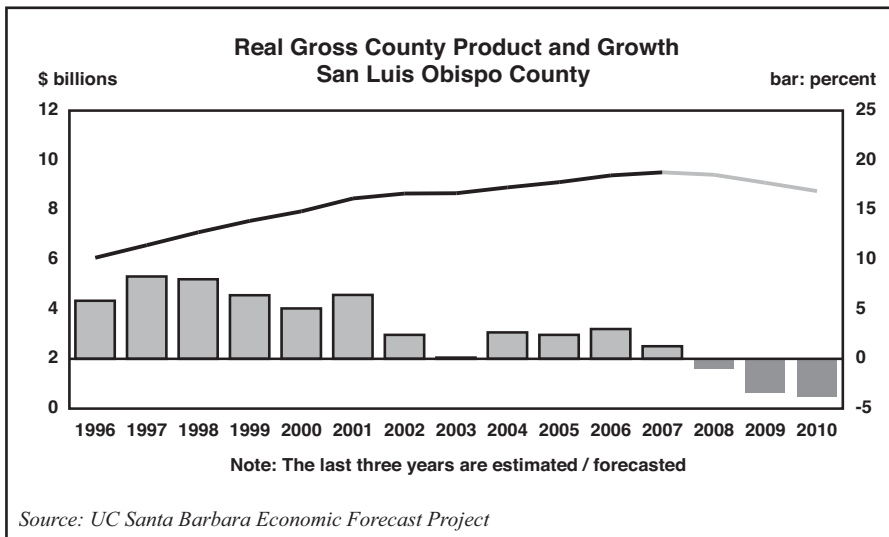
Source: U.S. Bureau of Economic Analysis, CA Employment Development Department, UC Santa Barbara Economic Forecast Project

2004	2005	2006	2007	2008	2009	2010
				<i>Estimated</i>	<i>Forecast</i>	
1,519.4	1,632.8	1,742.2	1,813.0	1,842.7	1,732.9	1,721.3
1,406.8	1,470.4	1,526.2	1,549.0	1,537.7	1,434.4	1,381.9
5.2	4.5	3.8	1.5	-0.7	-6.7	-3.7
43.5	44.8	46.1	47.6	48.4	45.3	44.8
-0.5	-0.4	0.0	0.2	6.7	-7.1	-4.2
74.6	80.0	85.6	89.9	92.4	89.9	90.2
67.8	70.4	73.0	73.9	72.9	70.8	68.4
3.3	3.8	3.7	1.3	-1.4	-2.9	-3.4
23.0	24.5	25.5	26.8	26.8	25.5	25.5
20.4	20.9	20.8	21.2	20.5	19.4	18.7
3.3	2.1	-0.2	1.7	-3.3	-5.1	-3.6
50.6	53.7	57.1	59.4	60.4	58.4	58.3
2.2	2.9	2.9	0.4	-2.4	-3.5	-3.9
10.1	10.6	11.3	11.8	12.2	12.0	11.9
8.9	9.1	9.4	9.5	9.4	9.1	8.8
2.7	2.4	3.0	1.3	-1.0	-3.4	-3.8
3.2	3.4	3.6	3.8	3.8	3.6	3.6
2.9	2.9	2.9	3.0	2.9	2.8	2.7
2.1	0.2	2.2	2.2	-2.9	-4.3	-4.0
39.1	40.7	42.8	44.5	45.2	44.1	43.6
1.6	1.3	2.0	0.3	-2.1	-4.2	-4.6
98.8	103.4	108.0	112.4	116.7	118.3	119.5
1.8	1.9	1.5	0.5	0.0	-0.5	-2.6
1.6	1.7	1.8	1.9	2.0	1.9	1.9
1.5	1.5	1.6	1.6	1.6	1.5	1.5
5.4	4.8	5.5	1.5	-1.3	-5.0	-4.0
0.4	0.4	0.5	0.5	0.5	0.5	0.5
0.3	0.4	0.4	0.4	0.4	0.4	0.3
5.8	3.8	4.5	3.3	-2.5	-4.2	-4.0
118.5	120.0	124.9	128.3	132.4	132.1	132.6
1.3	-0.9	1.1	-0.8	-0.1	-1.3	-2.4

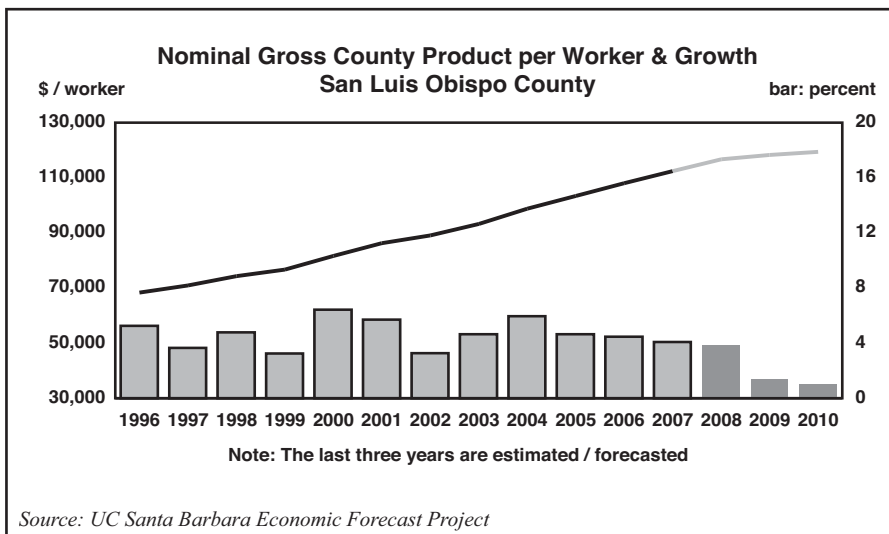


- San Luis Obispo County's nominal gross product growth remained positive in 2008, but it will decline in each of 2009 and 2010.

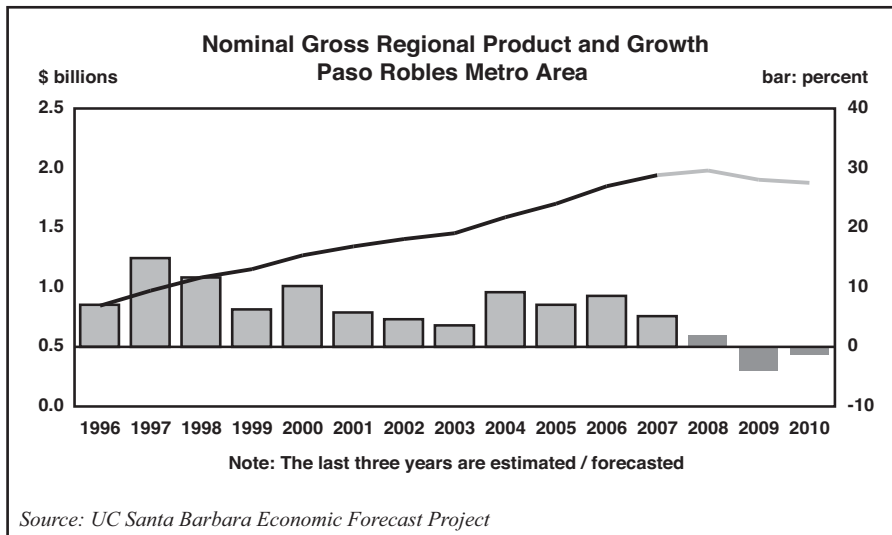
Gross product, the total value of all goods and services produced, is the primary indicator of the health of the County's economy. Nominal gross product includes an inflation component. So, real gross product is a preferred measure of economic activity.



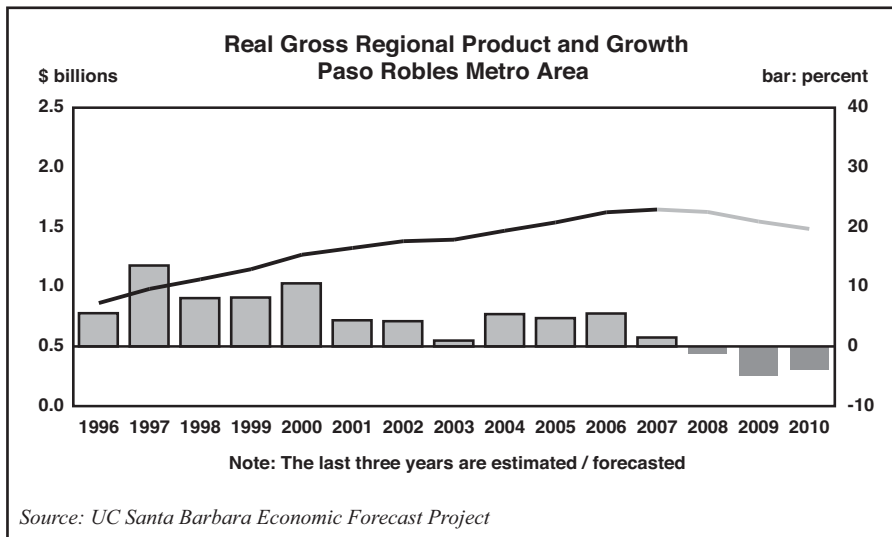
- San Luis Obispo County's economy will likely decline over 8 percent by the time we see an economic recovery. This is clearly a deep and extended recession.



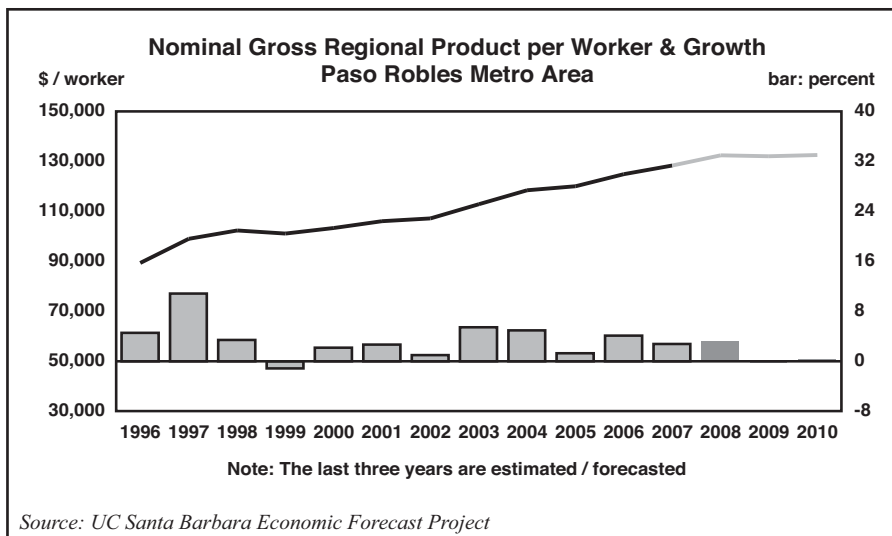
- Increasing gross product per worker while nominal gross product is declining implies both increasing productivity and a declining workforce.



- After years of strong growth, Paso Robles' economy is mildly declining. This is a stark contrast from most California cities.



- Real (inflation adjusted) Paso Robles economic growth, while declining, is remarkably strong for a Coastal California city.



- Output per worker is a measure of productivity. Paso Robles' workforce has little change in efficiency throughout the forecast horizon.

## TABLE 2: INDUSTRIAL STRUCTURE

	1999	2000	2001	2002	2003
<i>Percent of Total Output</i>					
<b>The Tri-Counties</b>					
Agriculture	5.4	5.3	5.5	5.1	5.7
Mining & Quarrying	1.8	2.4	1.7	1.5	1.8
Construction	4.3	4.1	4.2	4.2	4.4
Durable Goods Manufacturing	10.1	8.8	7.5	6.9	6.2
Non-Durable Goods Manufacturing	6.7	8.9	10.6	10.9	11.4
Transportation	1.4	1.3	1.4	1.4	1.4
Communications	2.5	2.3	2.4	2.4	2.2
Utilities	2.4	2.5	2.7	2.7	2.5
Retail Trade	10.6	10.4	9.9	10.2	9.9
Wholesale Trade	5.0	5.4	5.1	4.9	4.8
Finance, Insurance & Real Estate	17.6	17.4	17.5	17.7	17.8
Services	19.6	19.1	19.3	19.5	19.3
Public Sector	12.6	12.1	12.1	12.6	12.6
<b>San Luis Obispo County</b>					
Agriculture	4.6	4.8	4.7	4.4	4.5
Mining & Quarrying	0.6	0.7	0.7	0.9	1.1
Construction	5.7	6.0	5.9	6.2	6.2
Durable Goods Manufacturing	3.9	3.6	3.0	2.7	2.5
Non-Durable Goods Manufacturing	4.5	4.7	5.3	5.0	5.0
Transportation	1.8	1.7	1.7	1.6	1.5
Communications	1.7	2.1	2.0	1.9	1.7
Utilities	10.7	10.5	10.6	10.2	9.6
Retail Trade	15.0	14.7	13.5	13.6	13.3
Wholesale Trade	3.3	3.4	3.0	2.8	2.7
Finance, Insurance & Real Estate	13.5	13.2	14.4	14.8	15.5
Services	16.9	17.8	18.7	19.1	19.4
Public Sector	17.6	16.8	16.4	16.8	17.0
<b>Paso Robles Metropolitan Area</b>					
Agriculture	9.0	9.2	9.5	8.8	9.0
Mining & Construction	8.9	9.4	10.1	10.7	10.5
Durable Goods Manufacturing	15.6	12.2	10.6	10.0	9.2
Non-Durable Goods Manufacturing	8.2	9.3	10.6	10.1	10.4
Transportation, Communication & Utilities	4.1	4.8	4.9	4.8	4.4
Retail Trade	18.0	19.1	18.3	18.6	18.8
Wholesale Trade	4.5	4.2	3.9	3.8	3.7
Finance, Insurance & Real Estate	11.0	11.3	11.7	12.2	12.6
Services	9.4	9.3	9.4	9.7	9.6
Public Sector	11.4	11.1	11.1	11.2	11.9

Source: UC Santa Barbara Economic Forecast Project

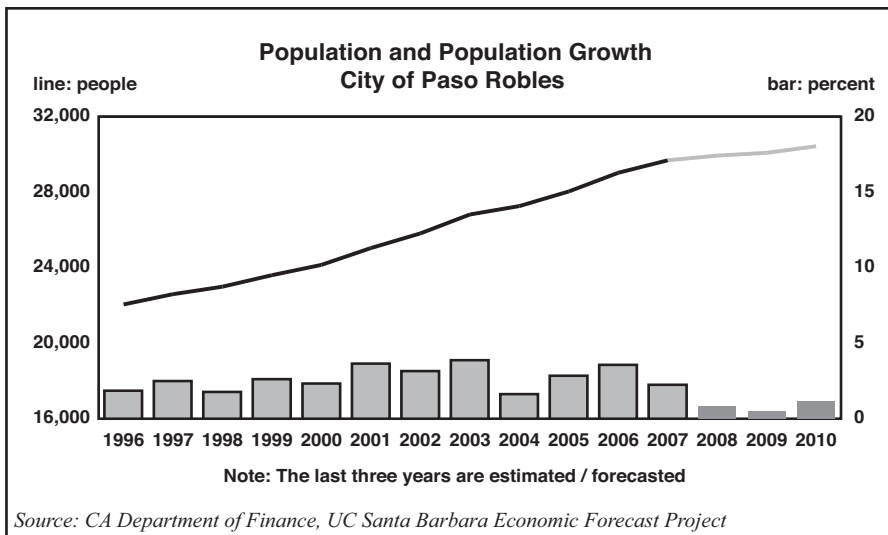
2004	2005	2006	2007	2008	2009	2010
				<i>Estimated</i>	<i>Forecast</i>	
6.5	5.6	5.1	6.0	6.6	7.3	7.4
2.0	2.5	2.8	2.8	3.3	2.2	2.6
4.6	4.9	5.1	5.0	4.7	4.4	4.2
5.7	5.3	4.9	4.5	4.3	4.3	4.1
11.6	13.0	13.6	13.4	13.4	13.4	13.4
1.3	1.3	1.4	1.3	1.3	1.4	1.4
2.0	2.0	2.0	2.0	2.0	2.1	2.1
2.5	2.4	2.5	2.6	2.6	2.7	2.7
9.7	9.4	9.2	8.9	8.8	8.6	8.4
4.9	4.8	4.8	4.9	5.1	4.6	4.6
17.5	17.3	17.1	16.7	16.0	16.4	16.4
19.2	19.3	19.4	19.5	19.4	19.8	19.9
12.4	12.3	12.2	12.3	12.4	12.8	13.0
5.1	4.5	4.2	4.8	5.4	6.0	6.2
1.3	1.6	1.2	1.2	1.3	1.4	1.6
6.5	7.1	6.9	6.3	5.8	5.0	4.5
2.2	2.0	1.9	1.7	1.7	1.6	1.6
4.9	5.3	5.4	5.4	5.5	5.6	5.8
1.5	1.5	1.6	1.6	1.6	1.7	1.7
1.7	1.6	1.7	1.8	1.8	1.9	1.9
9.8	9.4	10.1	10.7	10.5	11.4	11.4
12.9	12.6	12.5	11.9	11.7	10.8	10.5
2.7	2.8	2.9	2.9	3.1	2.8	2.8
15.7	16.1	16.2	16.2	15.7	16.1	16.1
19.0	19.5	19.4	19.3	19.5	19.3	19.2
16.6	16.1	16.0	16.2	16.5	16.6	16.8
9.8	8.3	7.8	8.9	10.4	11.8	12.2
11.6	12.8	13.9	13.7	12.3	10.6	9.4
8.4	7.8	7.4	6.9	6.9	6.9	7.0
9.9	10.9	11.1	11.2	11.7	12.1	12.6
4.7	4.5	4.6	4.5	4.5	4.8	4.9
18.1	17.3	16.6	16.1	15.5	14.4	14.0
4.3	4.5	4.7	4.9	5.2	4.5	4.5
12.3	12.7	12.7	12.4	12.0	12.6	12.7
9.3	9.7	9.8	10.0	10.0	10.4	10.6
11.5	11.5	11.4	11.4	11.5	11.8	12.1

# TABLE 3: DEMOGRAPHICS AND INCOME

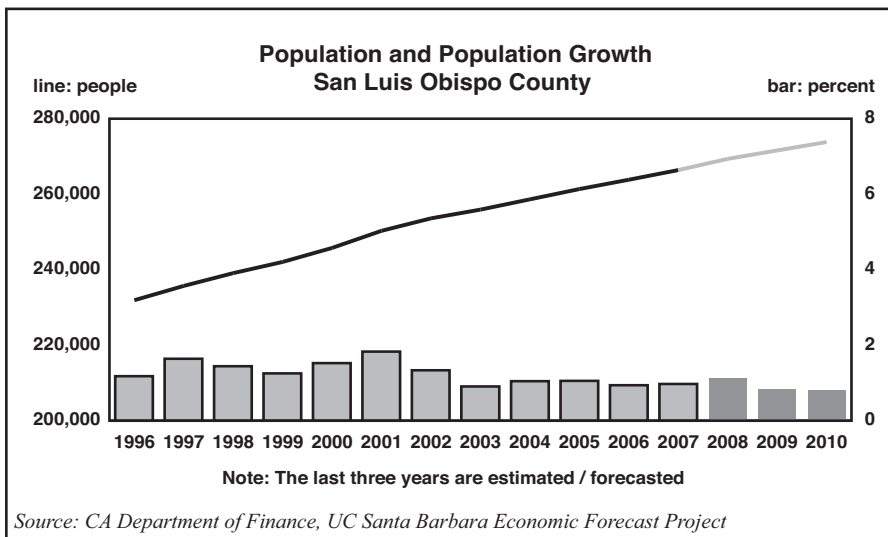
	1999	2000	2001	2002	2003
<b>Population</b>					
County Population (Jan) (thousands of people)	242.1	245.8	250.3	253.6	255.9
percent change	1.3	1.5	1.8	1.3	0.9
City Population (thousands of people)	23.6	24.2	25.0	25.8	26.8
percent change	2.6	2.3	3.7	3.2	3.9
City Population Density (people per household)	2.7	2.7	2.7	2.7	2.7
<b>Enrollments</b>					
All County, K-12 (thousands of students)	37.6	37.6	37.7	37.4	36.8
percent change	1.3	-0.2	0.4	-0.8	-1.6
City, K-12 (thousands of students)	6.3	6.4	6.8	6.9	6.8
percent change	2.1	1.3	5.8	1.4	-1.9
<b>Population Components of Change</b>					
County (July) (thousands of people)	243.7	248.2	252.4	254.9	257.1
percent change	1.4	1.8	1.7	1.0	0.9
Births	2.3	2.4	2.4	2.3	2.6
percent change	-2.0	2.7	1.8	-4.8	10.4
Deaths	2.0	2.0	2.1	2.0	2.1
percent change	3.5	-1.4	5.0	-3.4	2.3
Natural Increase	0.3	0.4	0.4	0.3	0.5
percent change	-25.4	26.9	-12.9	-12.4	60.2
Net In-Migration	3.0	4.0	3.9	2.1	1.7
<b>San Luis Obispo County</b>					
Unemployment Rate (percent)	3.3	4.0	4.0	4.7	4.7
Civilian Labor Force (thousands of people)	111.3	122.4	126.2	129.0	128.8
percent change	2.8	10.0	3.1	2.3	-0.1
Total, All Employed (thousands of people)	107.6	117.5	121.1	123.0	122.8
percent change	3.8	9.1	3.1	1.6	-0.2
<b>San Luis Obispo County County Income</b>					
Wage & Salary (\$ billions)	2.7	2.9	3.2	3.4	3.5
Non-Wage (\$ billions)	2.5	2.7	3.0	2.9	2.9
Dividends, Interest, and Rent (\$ billions)	1.7	1.8	2.0	1.9	1.8
Transfer Payments (\$ billions)	0.8	0.9	0.9	1.0	1.1
Residential Adjustment (\$ billions)	0.2	0.3	0.3	0.3	0.3
Proprietor's Income (\$ billions)	0.8	0.9	0.8	0.9	1.0
Personal Income (\$ billions)	6.3	6.8	7.2	7.4	7.7
Personal Income (\$ 2000 billions)	6.5	6.8	7.0	7.0	7.1
percent change	3.0	5.3	2.6	0.3	0.9
Median Family Income* (\$ thousands)	48.0	48.0	50.2	50.3	57.7
Median Family Income (\$ 2000 thousands)	49.6	48.0	48.6	47.4	52.9
percent change	1.5	-3.2	1.2	-2.5	11.8

Source: U.S. Bureau of Economic Analysis, CA Department of Finance, CA Department of Education, U.S. Department of Housing and Urban Development, UC Santa Barbara Economic Forecast Project \* Fiscal Year data.

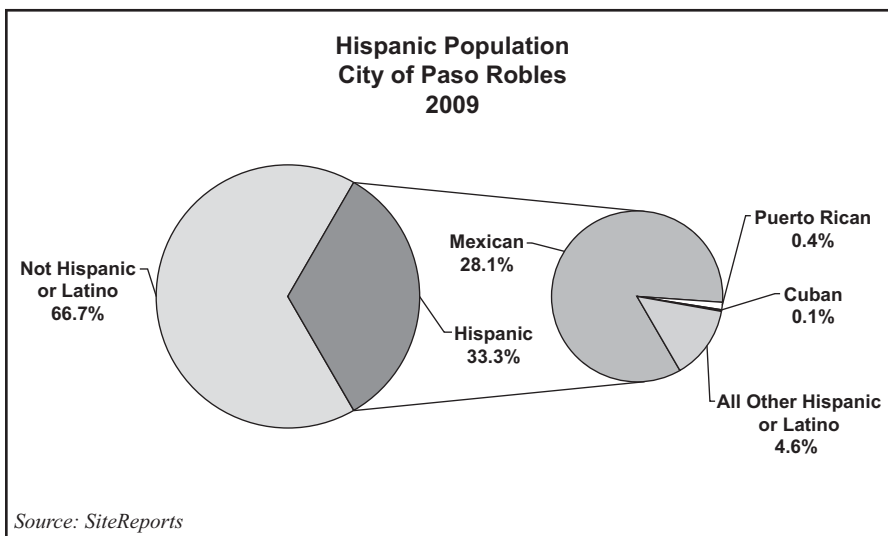
2004	2005	2006	2007	2008	2009	2010
				<i>Estimated</i>	<i>Forecast</i>	
258.6	261.3	263.8	266.4	269.3	271.6	273.8
1.1	1.1	0.9	1.0	1.1	0.8	0.8
27.3	28.0	29.0	29.7	29.9	30.1	30.4
1.6	2.8	3.6	2.2	0.8	0.5	1.2
2.7	2.7	2.7	2.6	2.6	2.6	2.6
36.4	36.0	35.6	35.3	34.7	34.1	33.5
-1.2	-1.1	-1.0	-1.0	-1.6	-1.7	-1.7
6.8	6.8	6.9	6.9	6.9	6.9	6.9
0.0	0.5	1.4	0.1	-0.5	-0.2	0.5
260.3	262.7	264.8	267.2	270.1	272.3	274.5
1.2	0.9	0.8	0.9	1.1	0.8	0.8
2.7	2.6	2.7	2.9	2.9	2.9	2.9
4.0	-1.2	1.3	6.5	0.4	0.8	0.8
2.1	1.9	2.2	2.2	2.2	2.2	2.2
2.2	-9.3	13.7	0.6	0.6	0.8	0.8
0.6	0.7	0.5	0.7	0.7	0.7	0.7
11.2	28.3	-30.5	31.3	-0.3	1.0	1.0
2.6	1.7	1.5	1.7	2.2	1.6	1.5
4.6	4.3	4.0	4.3	5.7	9.2	10.0
130.6	132.9	134.5	135.4	138.1	137.6	136.9
1.4	1.7	1.2	0.7	2.0	-0.4	-0.5
124.6	127.2	129.2	129.6	130.3	125.0	123.3
1.5	2.1	1.6	0.3	0.5	-4.0	-1.4
3.8	4.0	4.3	4.4	4.4	4.1	4.0
3.1	3.2	3.5	3.7	3.9	3.9	4.1
2.0	2.1	2.3	2.4	2.5	2.4	2.5
1.1	1.2	1.3	1.4	1.4	1.5	1.6
0.3	0.3	0.3	0.4	0.4	0.4	0.4
1.1	1.2	1.2	1.2	1.3	1.3	1.3
8.3	8.8	9.3	9.7	9.9	9.6	9.8
7.4	7.5	7.6	7.7	7.6	7.3	7.2
4.8	0.7	2.1	0.7	-1.2	-3.1	-2.4
61.7	61.7	63.8	64.2	67.0	70.8	72.4
54.8	52.4	52.0	50.7	51.1	54.0	53.1
3.5	-4.3	-0.8	-2.6	0.8	5.6	-1.6



- Paso Robles City's population growth has been remarkably robust for a Coastal California community. This reflects quality of life, housing affordability, opportunity, and a supportive political environment.



- San Luis Obispo County's population growth rate will likely remain low throughout the forecast horizon.



- Paso Robles has a much larger Hispanic/Latino population than most San Luis Obispo County cities.

# DEMOGRAPHICS

Description	Paso Robles	San Luis Obispo County
<b>Population</b>		
2009 Estimate	29,032	265,739
2000 Census	24,297	246,681
1990 Census	19,201	216,986
Growth 2000-2009	19.49%	7.73%
Growth 1990-2000	26.54%	13.69%
<b>2009 Est. Population Hispanic or Latino by Origin</b>	29,032	265,739
Not Hispanic or Latino	19,369	214,813
Hispanic or Latino:	9,663	50,926
Mexican	8,156	40,984
Puerto Rican	126	730
Cuban	32	268
All Other Hispanic or Latino	1,349	8,944
<b>2009 Est. Population by Sex</b>	29,032	265,739
Male	14,696	136,160
Female	14,336	129,579
<b>2009 Est. Median Age</b>	32.85	37.24
<b>2009 Est. Pop. Age 25+ by Educational Attainment</b>	17,556	176,530
Less than 9th grade	1,727	8,707
Some High School, no diploma	1,914	16,501
High School Graduate (or GED)	4,266	38,423
Some College, no degree	4,850	49,526
Associate Degree	1,655	16,208
Bachelor's Degree	2,129	30,748
Master's Degree	654	10,234
Professional School Degree	301	4,022
Doctorate Degree	60	2,161
<b>2009 Est. Households by Household Income</b>	10,528	103,048
Income Less than \$15,000	1,185	11,101
Income \$15,000 - \$24,999	949	9,841
Income \$25,000 - \$34,999	1,171	9,768
Income \$35,000 - \$49,999	1,754	14,793
Income \$50,000 - \$74,999	2,307	19,734
Income \$75,000 - \$99,999	1,452	14,775
Income \$100,000 - \$149,999	1,083	13,447
Income \$150,000 - \$249,999	459	6,916
Income \$250,000 - \$499,999	138	2,024
Income \$500,000 and more	30	649
<b>2009 Est. Median Household Income</b>	52,226	57,628
<b>2009 Est. Per Capita Income</b>	24,073	30,178
<b>2009 Est. Families</b>	7,398	65,174
<b>2009 Est. Families with Income Below Poverty Level</b>		
Married-Couple Family, own children	269	1,347
Married-Couple Family, no own children	135	897
Male Householder, own children	48	413
Male Householder, no own children	0	120
Female Householder, own children	243	1,496
Female Householder, no own children	54	302
<b>2009 Est. Pop Age 16+ by Employment Status</b>	22,566	222,425
In Armed Forces	74	353
Civilian - Employed	12,495	122,311
Civilian - Unemployed	801	7,655
Not in Labor Force	9,196	92,106
<b>2009 Est. Average Travel Time to Work in Minutes</b>	22.07	22.55
<b>2009 Est. Tenure of Occupied Housing Units</b>	10,528	103,048
Owner Occupied	6,386	64,384
Renter Occupied	4,142	38,664
<b>2009 Est. Median All Owner-Occupied Housing Value</b>	364,129	466,898

Source: SiteReports

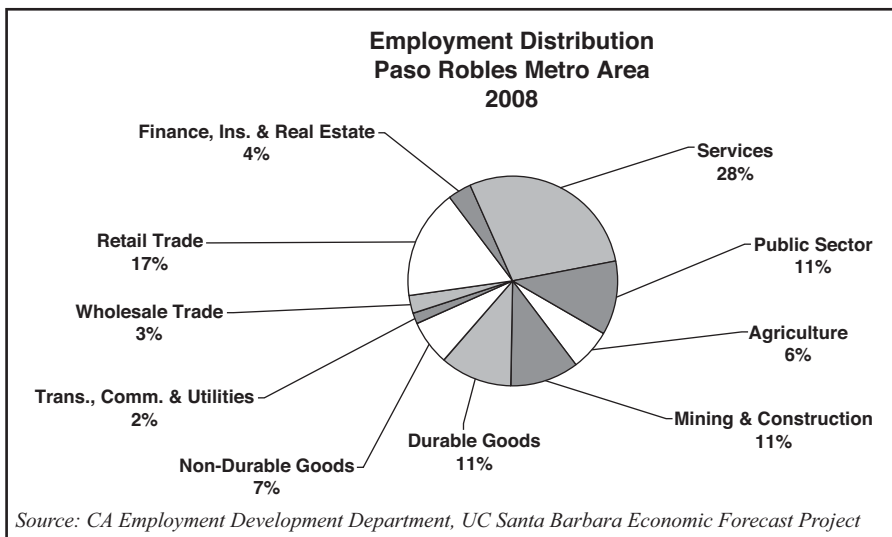
# TABLE 4: EMPLOYMENT AND SALARY

	1999	2000	2001	2002
<b>Paso Robles Metro Area Employment by Industry (# of people)</b>				
Agriculture	1,266	1,538	1,225	1,133
percent change	37.0	21.5	-20.4	-7.5
Mining and Construction	846	1,014	1,351	1,448
percent change	31.4	19.9	33.2	7.2
Durables Manufacturing	1,572	1,644	1,580	1,635
percent change	-6.5	4.6	-3.9	3.5
Non-Durables Manufacturing	742	868	970	874
percent change	-12.0	17.0	11.8	-9.9
Trans., Comm., & Utilities*	235	279	270	206
percent change	-17.3	18.7	-3.2	-23.7
Finance, Insurance & Real Estate*	373	395	442	533
percent change	18.4	5.9	11.9	20.6
Retail Trade*	2,787	2,915	2,254	2,118
percent change	5.4	4.6	-22.7	-6.0
Wholesale Trade	439	443	315	247
percent change	21.6	0.9	-28.9	-21.6
Services*	1,578	1,559	2,577	3,164
percent change	16.1	-1.2	65.3	22.8
Public Sector	1,551	1,627	1,670	1,752
percent change	1.1	4.9	2.6	4.9
Private Sector	9,838	10,655	10,984	11,358
percent change	8.6	8.3	3.1	3.4
Total, All Industries	11,389	12,282	12,654	13,110
percent change	7.6	7.8	3.0	3.6
<b>Paso Robles Metro Area Average Salary by Industry (dollars)</b>				
Agriculture	16,622	16,185	15,460	15,013
percent change	-5.5	-2.6	-4.5	-2.9
Mining and Construction	31,289	30,945	33,215	34,540
percent change	6.2	-1.1	7.3	4.0
Durables Manufacturing	31,079	31,951	33,032	33,895
percent change	4.5	2.8	3.4	2.6
Non-Durables Manufacturing	31,780	32,572	31,760	31,906
percent change	13.2	2.5	-2.5	0.5
Trans., Comm., & Utilities*	28,394	31,018	32,433	33,232
percent change	-15.0	9.2	4.6	2.5
Finance, Insurance & Real Estate*	28,603	30,386	33,481	32,435
percent change	6.1	6.2	10.2	-3.1
Retail Trade*	16,886	18,276	21,447	23,163
percent change	2.1	8.2	17.4	8.0
Wholesale Trade	27,572	27,354	30,400	33,771
percent change	-2.8	-0.8	11.1	11.1
Services*	20,219	21,927	20,614	20,125
percent change	-1.9	8.4	-6.0	-2.4
Public Sector	32,342	33,201	35,604	35,330
percent change	2.3	2.7	7.2	-0.8
Private Sector	23,212	24,149	25,619	26,020
percent change	0.6	4.0	6.1	1.6
Total, All Industries	24,456	25,348	26,937	27,264
percent change	0.6	3.6	6.3	1.2

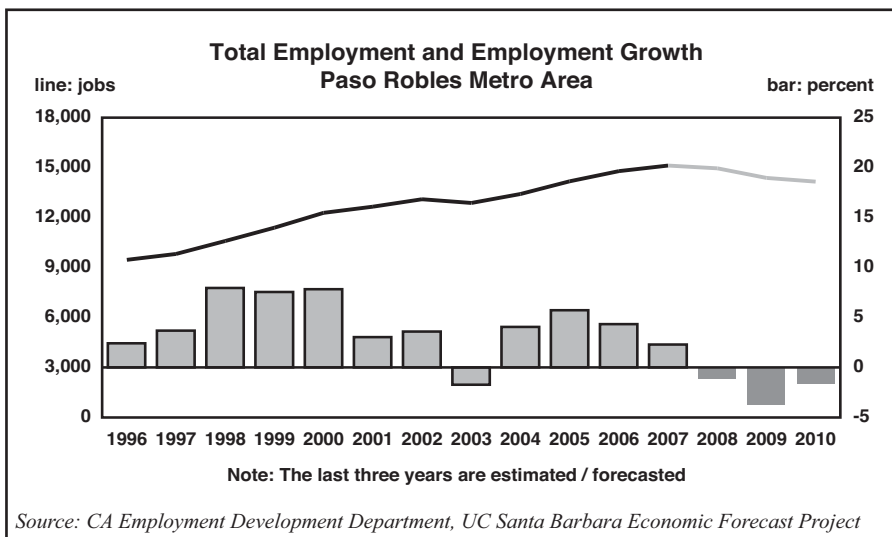
Source: CA Employment Development Department, UC Santa Barbara Economic Forecast Project

\* These sectors had significant changes in classification in 2001. Please contact us for details.

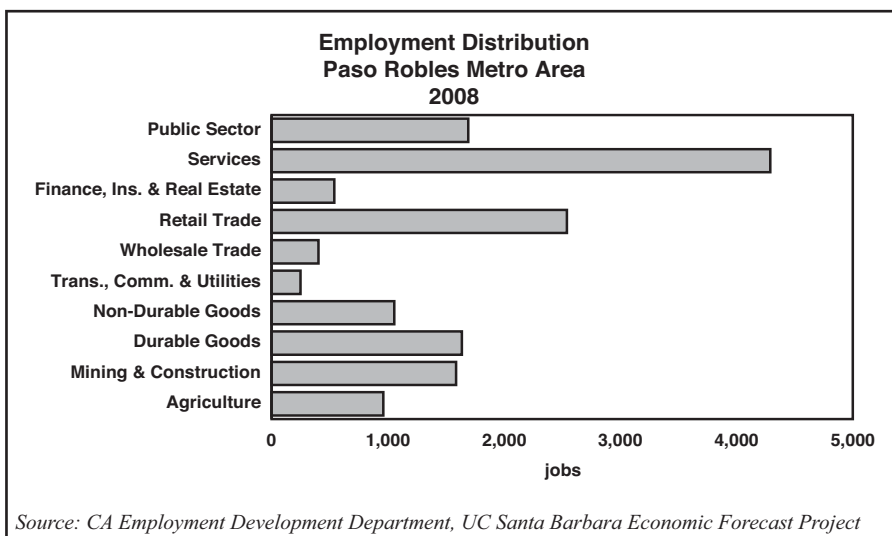
2003	2004	2005	2006	2007	2008	2009	2010
					<i>Estimated</i>	<i>Forecast</i>	
1,110	1,172	1,088	1,052	998	963	958	963
-2.0	5.6	-7.2	-3.3	-5.1	-3.6	-0.5	0.5
1,260	1,422	1,517	1,629	1,661	1,587	1,504	1,473
-13.0	12.9	6.7	7.4	2.0	-4.5	-5.2	-2.0
1,498	1,474	1,514	1,706	1,616	1,636	1,568	1,542
-8.4	-1.6	2.7	12.7	-5.3	1.2	-4.1	-1.7
898	958	1,031	1,083	1,100	1,055	1,034	1,033
2.7	6.7	7.6	5.0	1.6	-4.1	-2.0	-0.1
184	225	264	272	257	249	239	233
-10.7	22.3	17.3	3.0	-5.5	-3.0	-4.3	-2.4
488	494	524	544	576	539	512	500
-8.4	1.2	6.1	3.8	5.9	-6.4	-5.1	-2.3
2,159	2,206	2,386	2,505	2,522	2,540	2,443	2,392
1.9	2.2	8.2	5.0	0.7	0.7	-3.8	-2.1
221	287	372	384	399	403	388	381
-10.5	29.9	29.6	3.2	3.9	1.0	-3.7	-1.7
3,372	3,552	3,895	3,966	4,313	4,290	4,126	4,063
6.6	5.3	9.7	1.8	8.8	-0.5	-3.8	-1.5
1,695	1,618	1,584	1,648	1,689	1,691	1,620	1,584
-3.3	-4.5	-2.1	4.0	2.5	0.1	-4.2	-2.2
11,190	11,790	12,591	13,141	13,442	13,262	12,770	12,579
-1.5	5.4	6.8	4.4	2.3	-1.3	-3.7	-1.5
12,885	13,408	14,175	14,789	15,131	14,953	14,390	14,162
-1.7	4.1	5.7	4.3	2.3	-1.2	-3.8	-1.6
15,009	15,141	16,123	17,645	19,285	20,156	19,682	19,747
-0.0	0.9	6.5	9.4	9.3	4.5	-2.4	0.3
35,857	39,316	39,270	42,414	43,775	44,672	43,131	41,538
3.8	9.6	-0.1	8.0	3.2	2.1	-3.5	-3.7
36,504	39,407	39,758	40,221	43,035	45,194	47,221	49,566
7.7	8.0	0.9	1.2	7.0	5.0	4.5	5.0
31,721	33,398	35,096	33,295	35,979	36,940	36,226	36,339
-0.6	5.3	5.1	-5.1	8.1	2.7	-1.9	0.3
32,756	42,771	44,985	45,072	45,045	46,887	47,560	49,344
-1.4	30.6	5.2	0.2	-0.1	4.1	1.4	3.8
32,974	34,995	38,076	38,373	40,565	40,855	40,565	41,265
1.7	6.1	8.8	0.8	5.7	0.7	-0.7	1.7
23,505	23,754	24,078	25,074	25,687	25,811	25,104	25,135
1.5	1.1	1.4	4.1	2.4	0.5	-2.7	0.1
33,598	37,043	41,135	43,154	46,981	48,165	47,094	46,921
-0.5	10.3	11.1	4.9	8.9	2.5	-2.2	-0.4
20,416	20,782	20,812	21,790	22,457	23,087	23,379	23,947
1.4	1.8	0.1	4.7	3.1	2.8	1.3	2.4
36,354	37,978	39,440	41,303	43,558	43,672	43,780	45,062
2.9	4.5	3.8	4.7	5.5	0.3	0.2	2.9
26,286	27,777	28,523	29,774	30,978	31,740	31,586	31,924
1.0	5.7	2.7	4.4	4.0	2.5	-0.5	1.1
27,611	29,008	29,743	31,059	32,382	33,089	32,959	33,393
1.3	5.1	2.5	4.4	4.3	2.2	-0.4	1.3



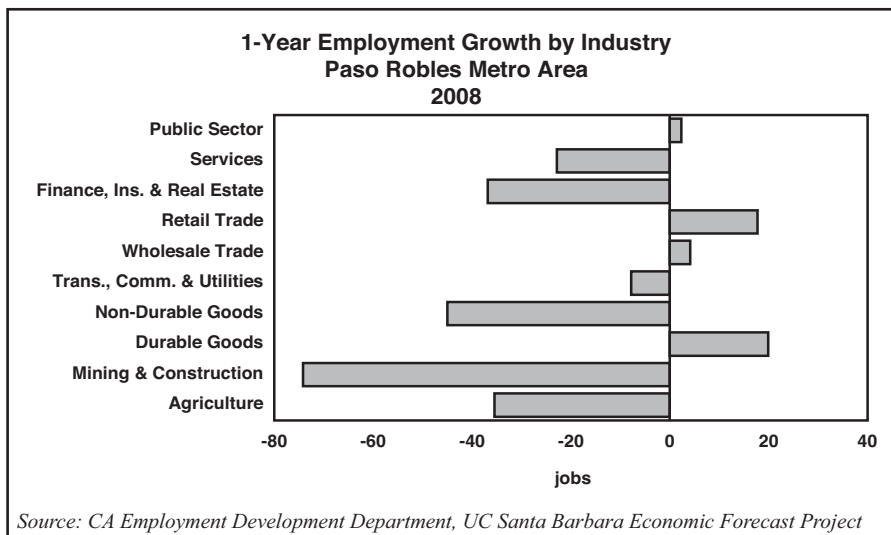
- Paso Robles economy continues to be much more balanced than is typical for a Coastal California city. The City's public sector remains small, which will be a positive as California works out its budget issues, and its manufacturing sector provides a source of opportunity and relatively well-paying jobs.



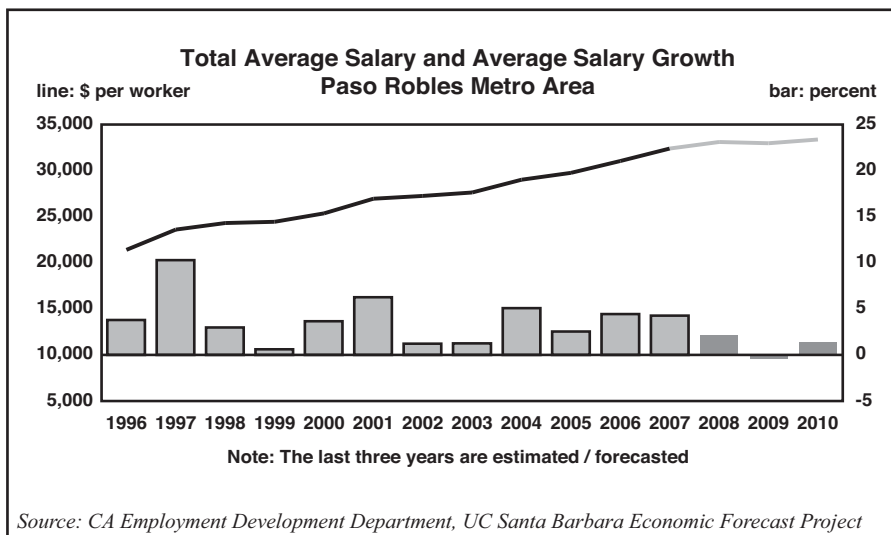
- Paso Robles is in the middle of its first sustained job-loss market in many years.



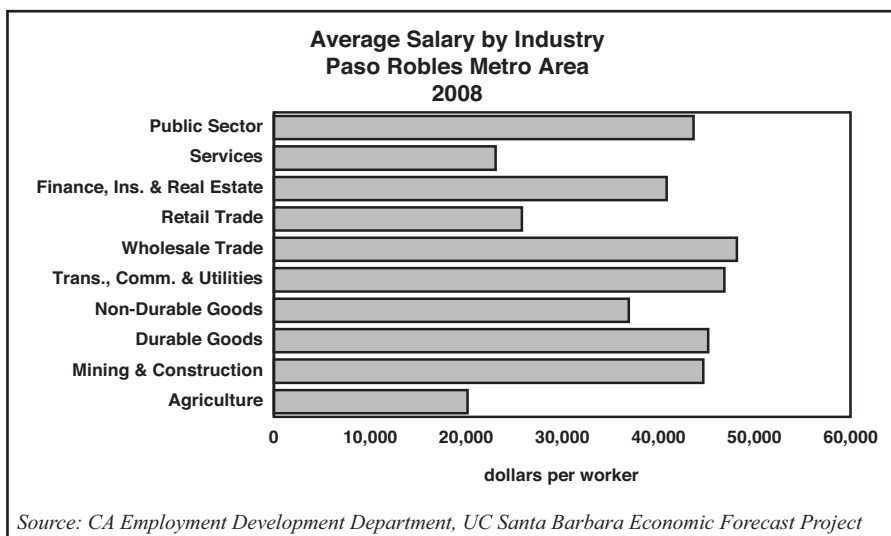
- The Service sector remains Paso Robles' largest economic sector by jobs. The City's Finance, Insurance, and Real Estate sector is relatively small. This is a benefit in the current economic environment.



- The good news is that Paso Robles still has some sectors creating jobs. A lot of California cities would like to see this strength, especially in the Durable Goods sector.



- Paso Robles' nominal salaries, like most of the City's economic indicators, remain relatively strong.



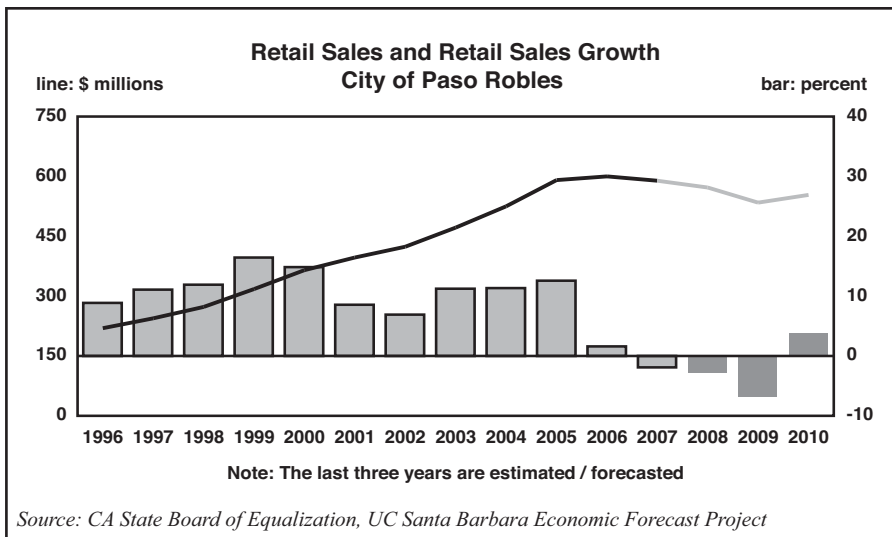
- Paso Robles' Services, Retail, and Agricultural sectors remain the City's lowest-paying. Other sectors show lower differences than typical. Paso Robles City's real retail sales have continued to decline. This is very similar to most California communities. The national economy, demographics, and weak tourism combine to make for a very challenging retail environment.

## TABLE 5: RETAIL SALES

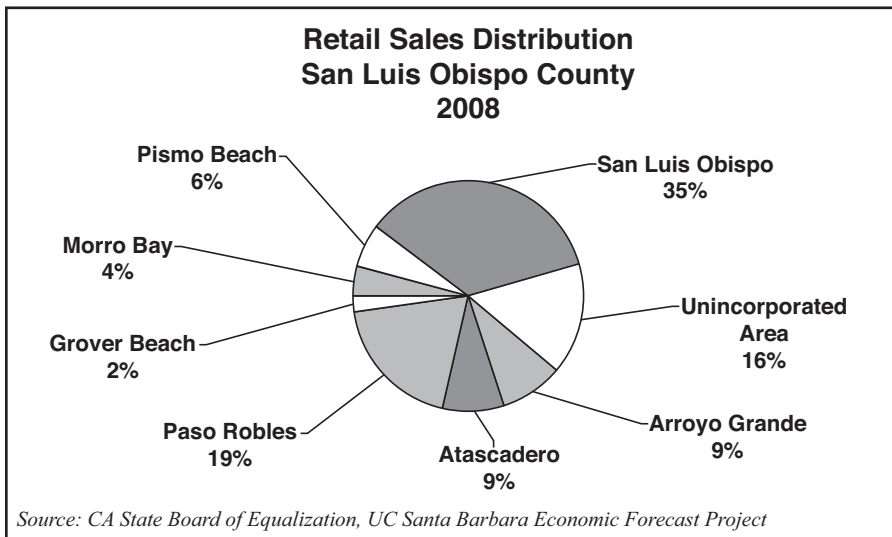
	1999	2000	2001	2002	2003
<b>San Luis Obispo County Retail Sales</b>					
Retail Sales (\$ billions)	1.9	2.1	2.2	2.4	2.6
Retail Sales (\$ 2000 billions)	1.9	2.1	2.2	2.2	2.3
percent change	10.1	8.8	4.3	2.5	5.2
<b>Paso Robles City Taxable Sales</b>					
Total Taxable Sales (\$ millions)	381.8	431.8	469.1	493.8	540.4
Total Taxable Sales (\$ 2000 millions)	394.4	431.8	453.8	464.8	495.8
percent change	14.4	9.5	5.1	2.4	6.7
Retail Sales (\$ millions)	318.0	365.1	396.4	423.8	471.4
Retail Sales (\$ 2000 millions)	328.5	365.1	383.5	398.9	432.6
percent change	13.8	11.2	5.0	4.0	8.4
Apparel Sales (\$ millions)	4.5	5.0	6.2	7.8	8.8
Apparel Sales (\$ 2000 millions)	4.7	5.0	6.0	7.3	8.1
percent change	2.8	7.5	18.9	22.4	10.4
Bldg. Mat'l. & Farm (\$ millions)	31.8	35.3	42.5	47.5	55.7
Bldg. Mat'l. & Farm (\$ 2000 millions)	32.9	35.3	41.1	44.7	51.1
percent change	20.7	7.4	16.4	8.7	14.2
Autos/supplies (\$ millions)	51.9	67.9	83.1	85.1	97.7
Autos/supplies (\$ 2000 millions)	53.7	67.9	80.4	80.1	89.7
percent change	16.6	26.5	18.5	-0.4	12.0
Eating and Drinking (\$ millions)	34.0	41.8	44.4	49.9	56.0
Eating and Drinking (\$ 2000 millions)	35.1	41.8	42.9	47.0	51.4
percent change	9.8	19.0	2.7	9.5	9.3
Food Stores (\$ millions)	20.9	22.1	22.3	22.8	24.2
Food Stores (\$ 2000 millions)	21.6	22.1	21.5	21.5	22.2
percent change	4.2	2.5	-2.6	-0.4	3.5
Service Stations (\$ millions)	33.6	39.7	38.3	35.9	42.2
Service Stations (\$ 2000 millions)	34.7	39.7	37.1	33.8	38.7
percent change	17.4	14.6	-6.7	-8.9	14.6
General Merchandise (\$ millions)	84.1	91.0	96.2	104.4	109.3
General Merchandise (\$ 2000 millions)	86.9	91.0	93.1	98.3	100.3
percent change	6.6	4.8	2.3	5.6	2.1
Home Furnish./Appl. (\$ millions)	10.5	12.0	12.7	15.4	14.5
Home Furnish./Appl. (\$ 2000 millions)	10.8	12.0	12.2	14.5	13.3
percent change	15.3	10.8	2.2	18.7	-8.4
Other Retail (\$ millions)	46.7	50.3	50.8	55.0	63.1
Other Retail (\$ 2000 millions)	48.2	50.3	49.2	51.8	57.9
percent change	27.4	4.3	-2.3	5.4	11.7
Other Taxable (\$ millions)	63.8	66.6	72.6	69.9	68.9
Other Taxable (\$ 2000 millions)	65.9	66.6	70.3	65.8	63.3
percent change	17.8	1.1	5.4	-6.3	-3.9

Source: CA Board of Equalization, UC Santa Barbara Economic Forecast Project

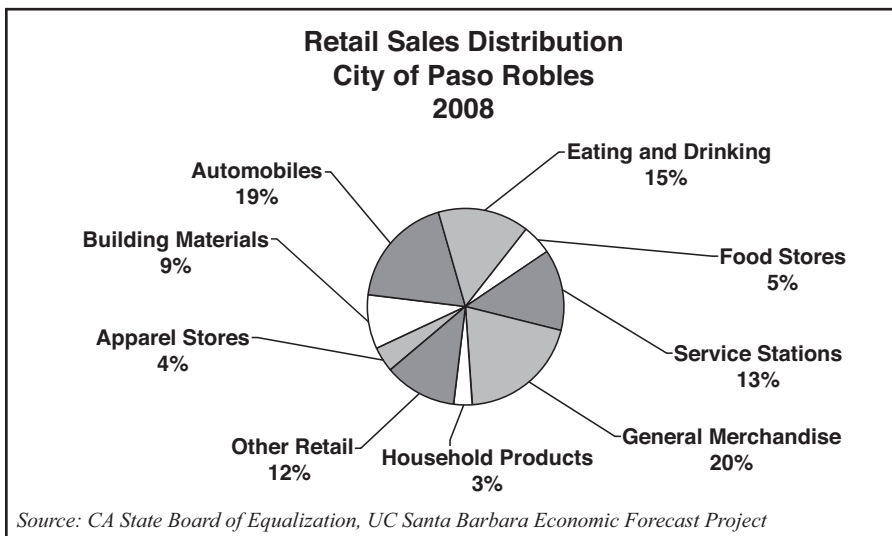
2004	2005	2006	2007	2008	2009	2010
				<i>Estimated</i>	<i>Forecast</i>	
2.8	3.0	3.1	3.1	3.0	2.8	2.9
2.5	2.6	2.6	2.4	2.3	2.2	2.1
4.8	4.2	-0.2	-5.5	-4.8	-5.7	-0.9
603.9	681.9	719.7	692.9	673.2	625.2	649.3
536.2	579.6	586.7	546.9	513.3	476.4	476.4
8.1	8.1	1.2	-6.8	-6.2	-7.2	-0.0
524.8	590.8	600.2	588.8	572.5	534.2	553.9
466.0	502.1	489.3	464.8	436.5	407.0	406.4
7.7	7.8	-2.6	-5.0	-6.1	-6.8	-0.2
9.6	24.0	23.9	24.4	23.1	20.9	21.7
8.5	20.4	19.5	19.2	17.6	15.9	15.9
5.3	139.8	-4.5	-1.2	-8.3	-9.6	-0.2
68.5	73.5	71.2	53.8	51.4	47.1	48.8
60.8	62.4	58.1	42.5	39.2	35.9	35.8
19.0	2.7	-7.0	-26.8	-7.8	-8.4	-0.2
107.7	120.6	116.8	113.2	107.2	98.6	102.9
95.7	102.5	95.2	89.3	81.8	75.1	75.5
6.7	7.2	-7.1	-6.2	-8.5	-8.1	0.6
61.2	65.7	72.0	84.9	85.7	82.2	85.2
54.3	55.9	58.7	67.0	65.3	62.6	62.5
5.7	2.9	5.1	14.1	-2.4	-4.2	-0.2
25.4	28.0	28.2	28.1	28.2	27.3	28.4
22.5	23.8	23.0	22.2	21.5	20.8	20.8
1.4	5.8	-3.6	-3.5	-3.2	-3.0	-0.2
51.3	65.1	68.3	78.3	75.8	69.8	72.4
45.6	55.3	55.7	61.8	57.8	53.2	53.1
17.9	21.3	0.7	11.1	-6.5	-8.0	-0.2
116.2	116.9	119.4	120.2	115.3	106.5	110.4
103.1	99.4	97.3	94.9	87.9	81.1	81.0
2.8	-3.7	-2.0	-2.5	-7.4	-7.7	-0.2
15.5	17.8	18.6	18.8	18.0	16.5	17.4
13.8	15.1	15.2	14.9	13.8	12.6	12.8
3.3	10.0	0.1	-1.9	-7.6	-8.5	1.5
69.5	79.2	81.8	67.1	67.8	65.3	66.7
61.7	67.3	66.7	53.0	51.7	49.7	48.9
6.6	9.1	-1.0	-20.6	-2.3	-3.8	-1.6
79.1	91.1	119.5	104.1	100.7	91.1	95.4
70.2	77.4	97.5	82.1	76.7	69.4	70.0
11.0	10.3	25.8	-15.7	-6.6	-9.6	0.8



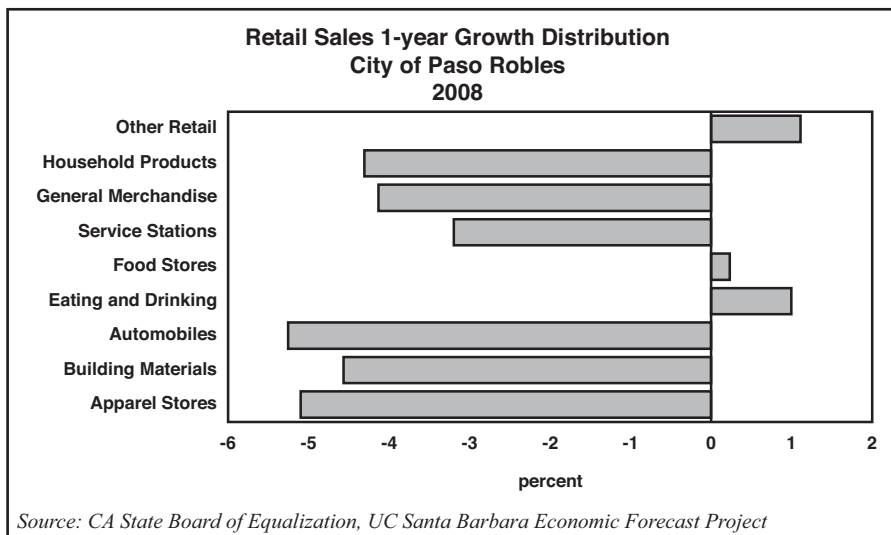
- Paso Robles City's real retail sales have continued to decline. This is very similar to most California communities. The national economy, demographics, and weak tourism combine to make for a very challenging retail environment.



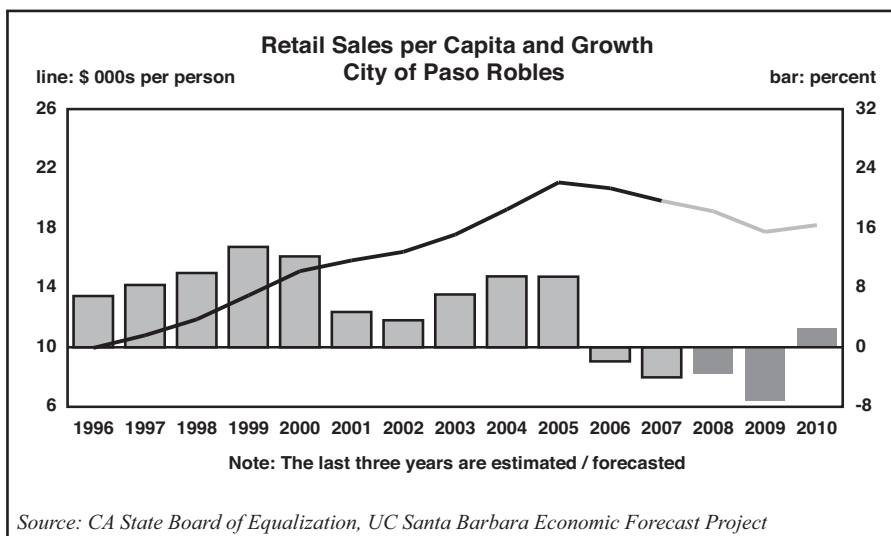
- Paso Robles City's remains San Luis Obispo County's second largest retail market.



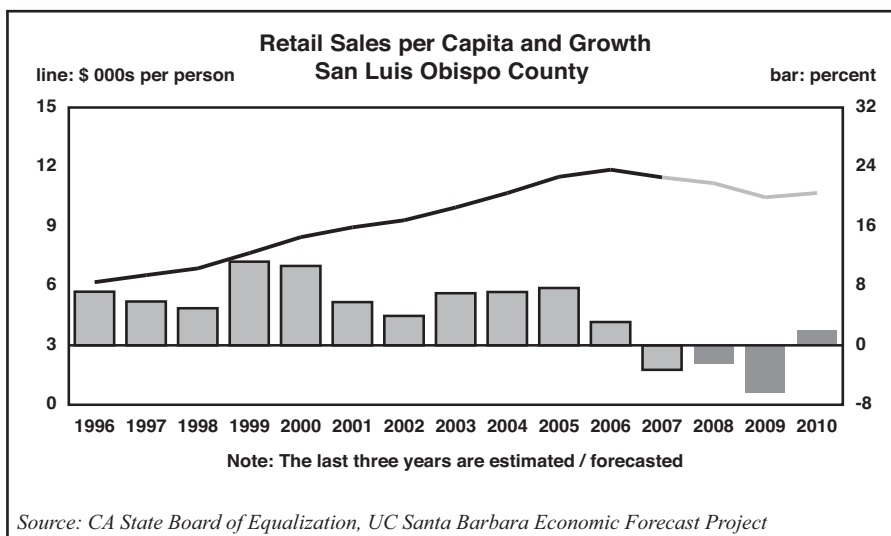
- Automobiles share of Paso Robles retail sales increased one percentage point in 2008 after declining two percentage points the previous year. This reflects far more on the weakness of general retail than on the strength of automobile sales.



- By contrast with most California cities, Paso Robles actually had three retail sectors show sales gains in 2008.



- Paso Robles per-capita retail sales are in the midst of a multi-year decline.



- San Luis Obispo County's per-capita retail sales are also declining.

## TABLE 6: REAL ESTATE & FINANCIAL

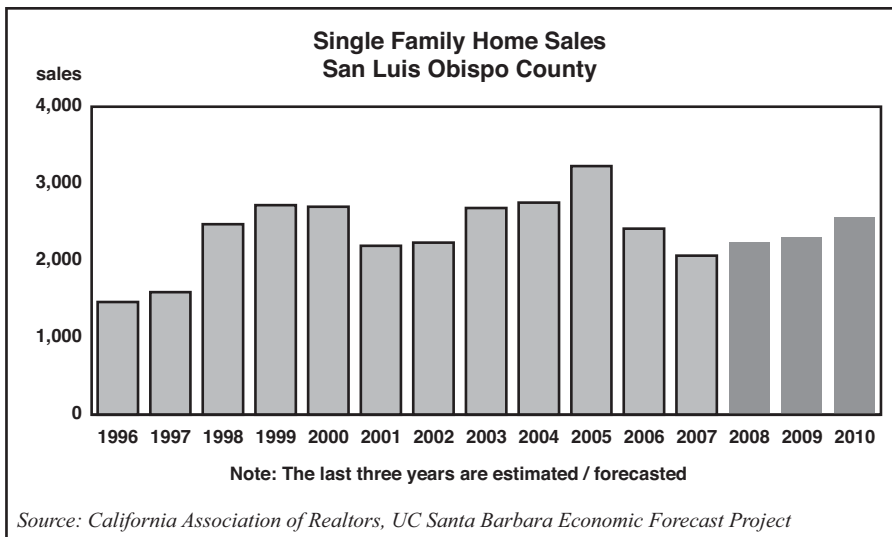
	1999	2000	2001	2002	2003
<b>San Luis Obispo County County</b>					
Median Home Price (\$ thousands) *	208.3	248.3	282.2	326.7	381.8
Median Home Price (\$ 2000 thousands)	215.2	248.3	273.0	307.6	350.3
percent change	12.5	15.4	9.9	12.7	13.9
Number of Homes Sold (# of homes) *	2,722	2,701	2,193	2,236	2,684
Number of Units Permitted (# of permits)	1,664	1,637	2,017	1,937	2,243
Residential Building Value (\$ millions)	270.1	290.8	357.8	354.8	446.6
Nonresidential Building Value (\$ millions)	93.1	116.6	83.9	122.1	114.5
Total Building Value (\$ millions)	363.1	407.3	441.6	476.9	561.1
Residential Vacancy Rate (percent)	11.1	9.3	9.3	9.3	9.3
Housing Stock (thousands of homes)	99.9	102.3	103.5	105.4	107.3
<b>City of Paso Robles</b>					
Median Home Price (\$ thousands) **	152.0	179.5	215.1	261.3	321.5
Median Home Price (\$ 2000 thousands)	157.0	179.5	208.1	246.0	295.0
percent change	9.7	14.4	15.9	18.2	19.9
Number of Homes Sold (# of homes) **	1,117	1,161	1,159	1,408	1,017
Single Family Units Permitted	231	371	419	305	416
Multiple Family Units Permitted	0	12	9	10	46
Total, All Residential Permits	231	383	428	315	462
Residential Building Value (\$ millions)	33.1	55.5	64.2	49.6	83.6
Nonresidential Building Value (\$ millions)	10.0	19.9	11.2	16.9	14.4
Retail Building Value (\$ millions)	1.5	5.3	3.6	3.7	2.6
Industrial Building Value (\$ millions)	1.4	9.8	2.6	3.3	0.0
Office Building Value (\$ millions)	0.4	0.3	0.0	0.4	2.5
Total Building Value (\$ millions)	43.0	75.3	75.4	66.5	98.0
Residential Vacancy Rate (percent)	8.1	2.7	2.7	2.7	2.7
Housing Stock (thousands of homes)	8.8	8.8	9.1	9.4	10.0
<b>Financial</b>					
United States Consumer Sentiment Index(1966Q1=100)	105.8	107.6	89.2	89.6	87.6
Federal Funds Rate (percent)	5.0	6.2	3.9	1.7	1.1
Conventional 30-yr Mortgage Rate, US (percent)	7.4	8.1	7.0	6.5	5.8
United States Consumer Price Index (2000=100)	96.7	100.0	102.8	104.5	106.8
percent change	2.2	3.4	2.8	1.6	2.3
Southern California Consumer Price Index (2000=100)	96.8	100.0	103.4	106.2	109.0
percent change	2.3	3.3	3.4	2.8	2.6

Sources: California Association of Realtors, Construction Industry Research Board, DataQuick, CA Department of Finance, University of Michigan, Board of Governors of the U.S. Federal Reserve, U.S. Bureau of Labor Statistics, UC Santa Barbara Economic Forecast Project

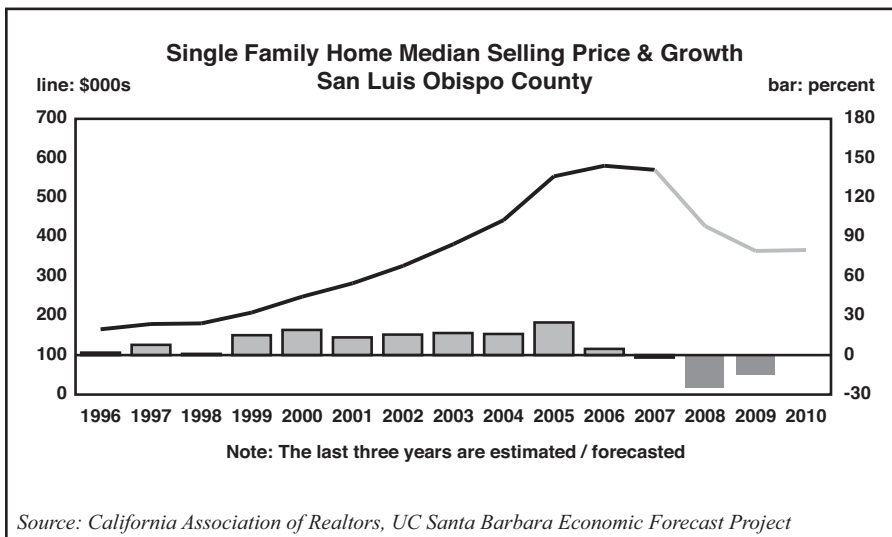
\* Existing Single-Family Homes

\*\*Includes single family and multiple family units; and includes new as well as existing units.

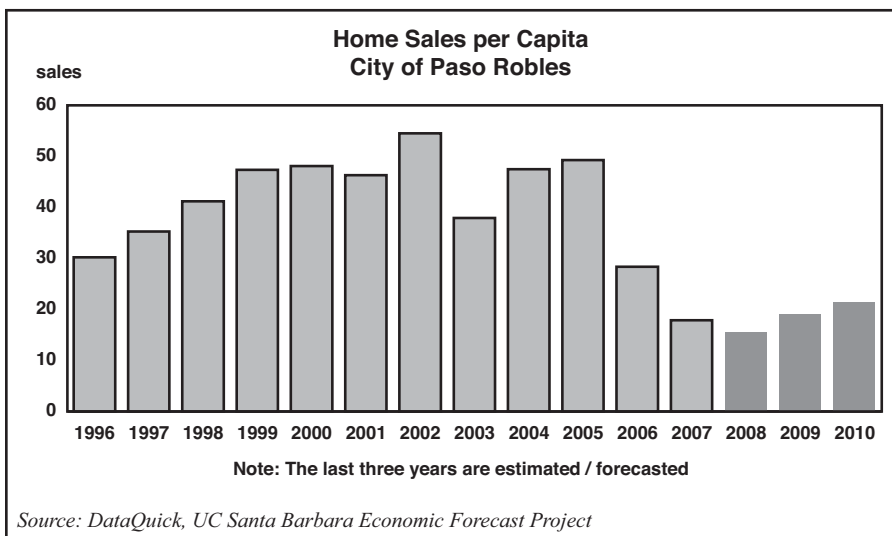
2004	2005	2006	2007	2008	2009	2010
				<i>Estimated</i>	<i>Forecast</i>	
443.1	553.8	580.8	570.8	427.4	364.5	366.6
393.4	470.7	473.5	450.5	325.9	277.8	269.0
12.3	19.6	0.6	-4.8	-27.7	-14.8	-3.2
2,755	3,229	2,415	2,065	2,239	2,305	2,568
2,110	1,944	1,599	1,042	595	281	504
439.1	415.7	350.8	236.8	164.9	89.2	168.1
116.5	124.3	136.2	121.6	102.0	66.0	67.2
555.6	539.9	486.9	358.4	266.9	155.3	235.3
9.3	9.3	9.3	9.3	9.3	9.3	9.2
108.6	110.8	112.6	114.7	116.2	116.5	117.0
388.9	469.5	487.6	444.9	337.0	299.8	308.9
345.3	399.1	397.5	351.2	257.0	228.4	226.7
17.1	15.6	-0.4	-11.7	-26.8	-11.1	-0.8
1,294	1,381	823	530	468	574	654
431	285	171	44	24	12	43
80	88	67	2	0	6	14
511	373	238	46	24	18	57
109.5	69.3	47.9	14.0	7.8	5.2	16.9
20.0	32.2	35.8	26.2	16.7	17.3	14.5
6.6	5.3	3.4	2.1	3.7	14.8	3.8
0.3	2.4	0.4	5.0	0.5	1.2	2.7
1.3	4.8	3.0	4.0	5.1	0.1	0.9
129.5	101.5	83.6	40.2	24.4	22.5	31.3
2.7	2.7	2.7	2.7	2.7	2.7	2.7
10.2	10.6	11.1	11.5	11.6	11.7	11.7
95.2	88.6	87.3	85.6	63.8	58.1	63.8
1.4	3.2	5.0	5.0	2.1	0.3	1.3
5.8	5.9	6.4	6.3	6.0	6.1	7.0
109.7	113.4	117.1	120.4	124.5	124.3	130.7
2.7	3.4	3.2	2.9	3.4	-0.2	5.2
112.6	117.7	122.7	126.7	131.2	131.2	136.3
3.3	4.5	4.3	3.3	3.5	0.1	3.9



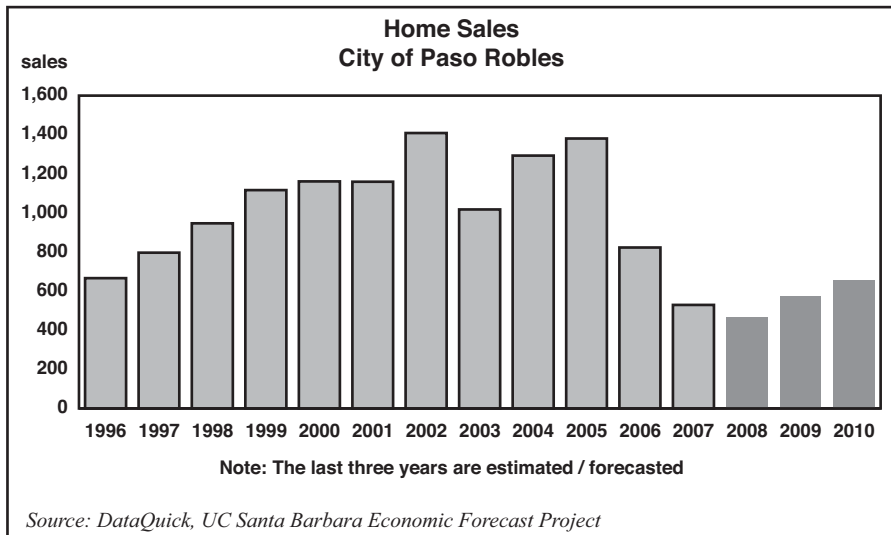
- San Luis Obispo County's existing single-family home sales picked up a bit in 2008, but the buyers are bottom-feeders. While a sales pickup is necessary for an eventual recovery in real estate markets, it is not sufficient. We do not see the small sales pickup as a sign that the market is soon to be healthy.



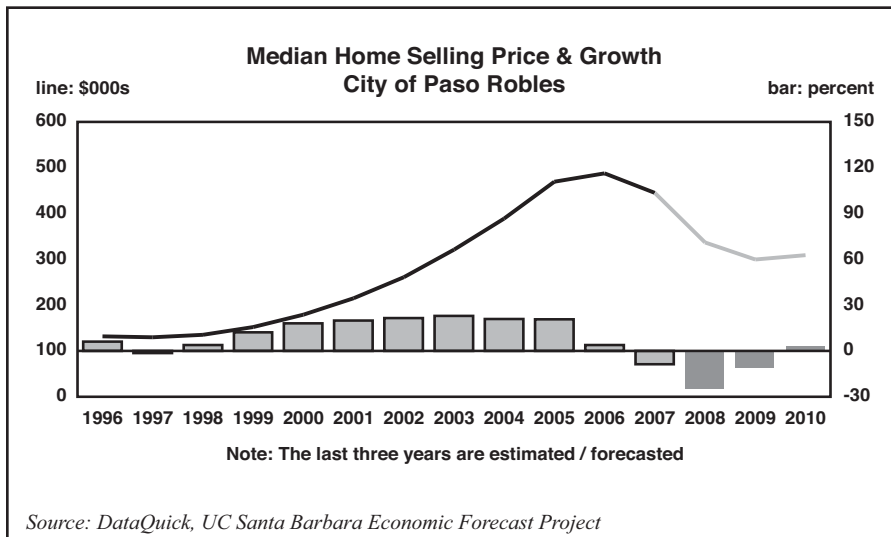
- San Luis Obispo County's existing single-family real median home price has been falling for two years. We do not see a significant recovery in the forecast horizon.



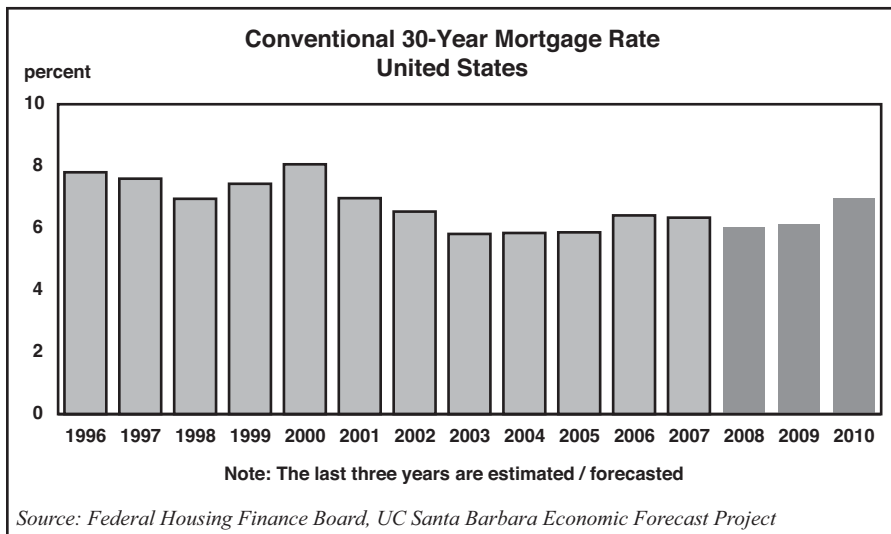
- Every measure of San Luis Obispo County home markets remain profoundly weak, but we do expect to see a Paso Robles sales increase.



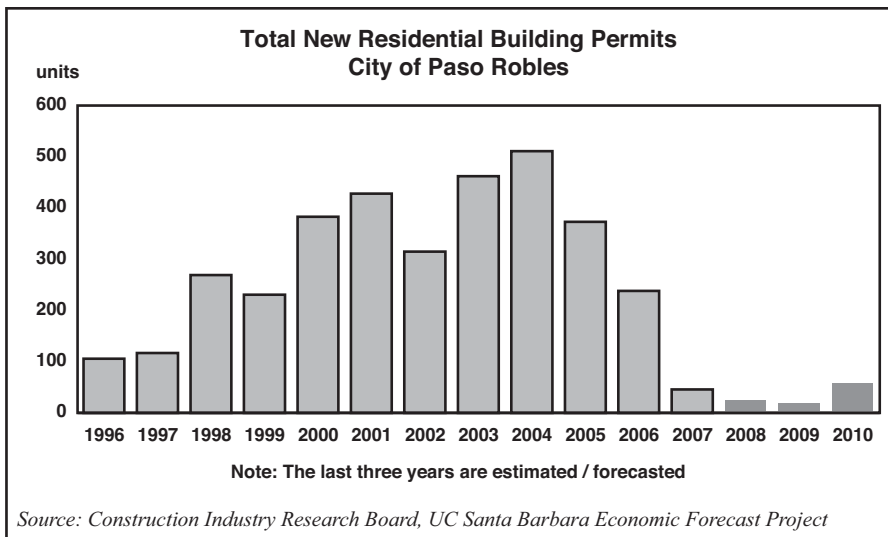
- Paso Robles saw 468 home sales in 2008. This exceeded our forecast of 328 home sales.



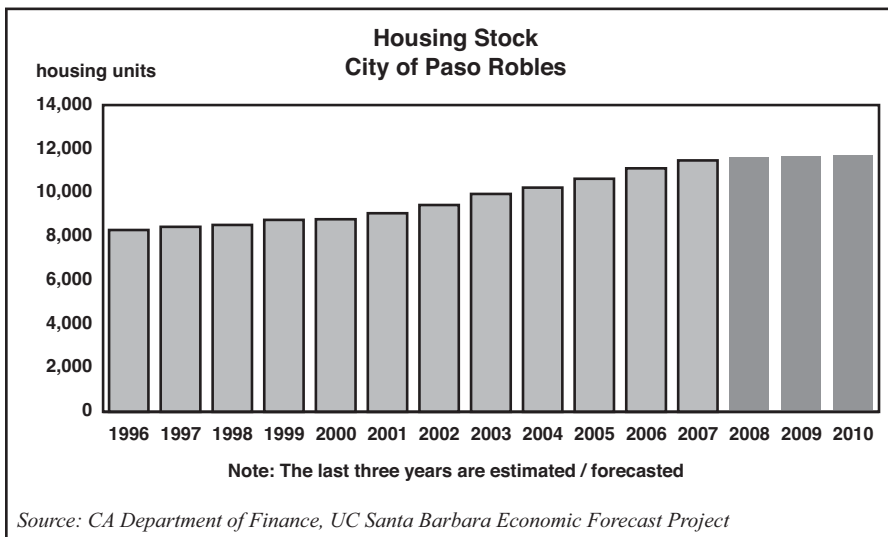
- Paso Robles nominal median home price continues to decline. We believe the median currently overstates actual property-value declines. This is because low end housing and foreclosures are dominating current sales.



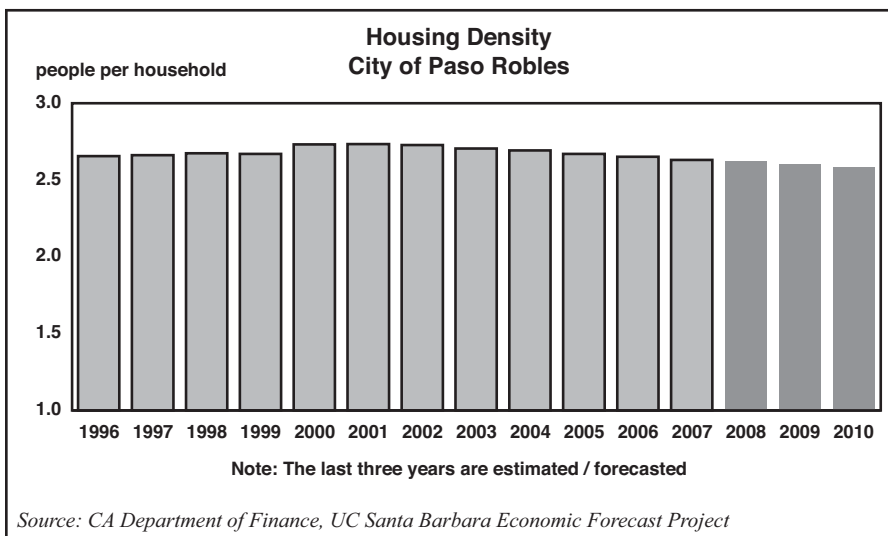
- Nominal mortgage rates are low. However, real rates, adjusted for inflation/deflation, may be high.



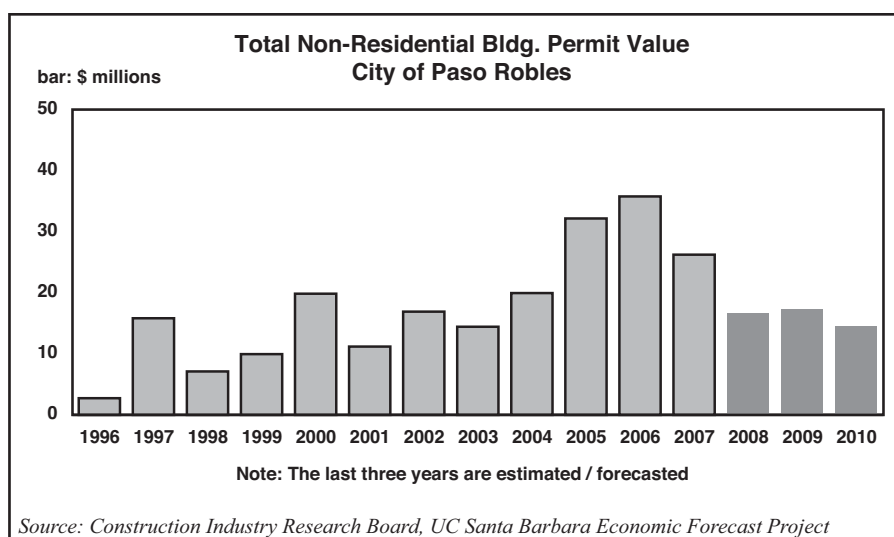
- Paso Robles new housing permits are at risk of falling to single digits. The depth and rapidity of the decline has been, unfortunately, breath taking.



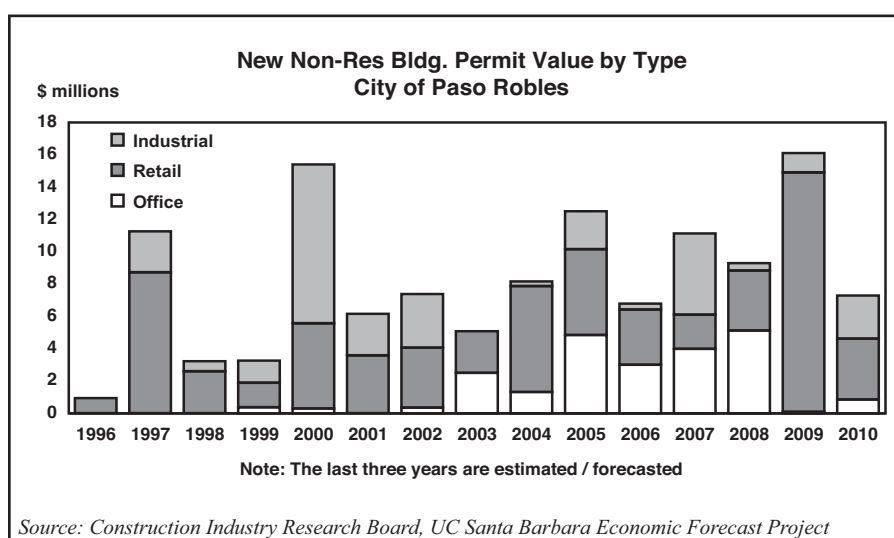
- With virtually no new construction, Paso Robles housing units remain essentially unchanged.



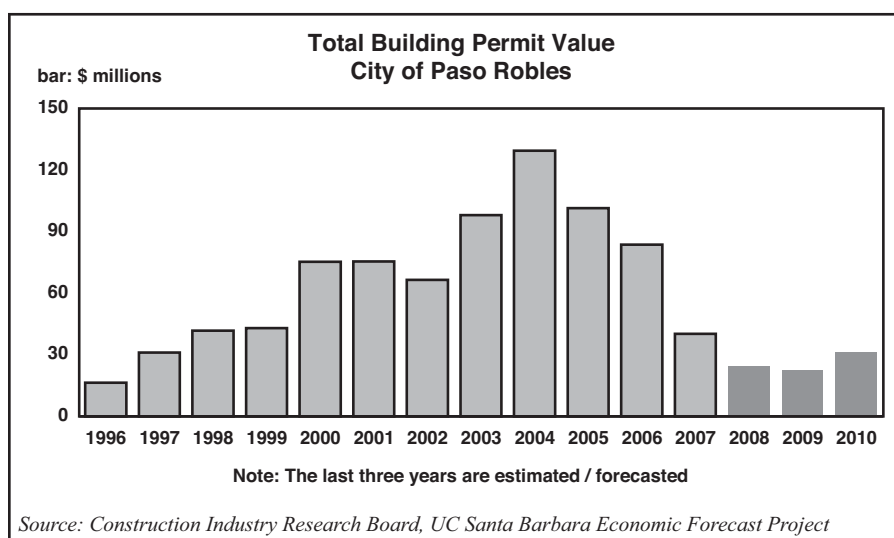
- Paso Robles housing density, persons per home, continues to decline.



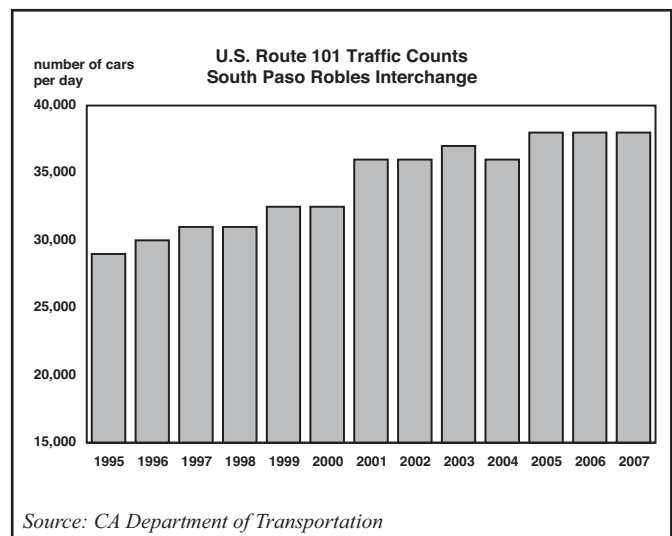
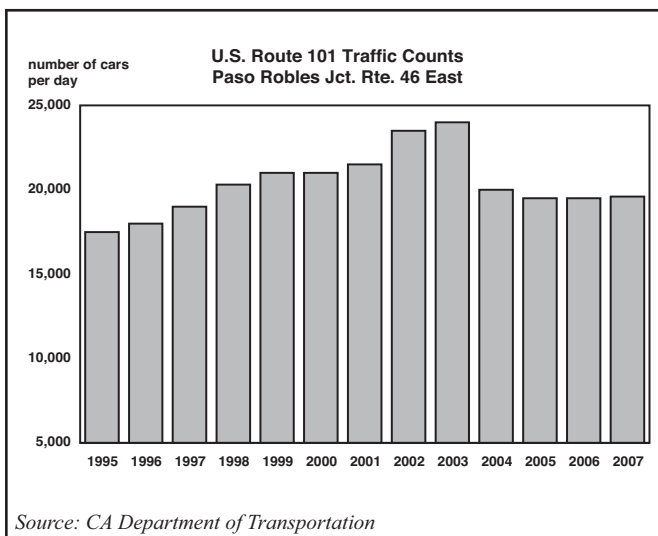
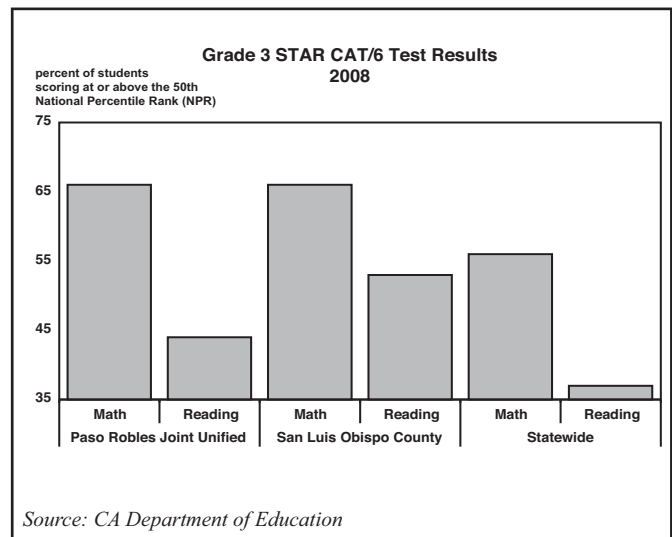
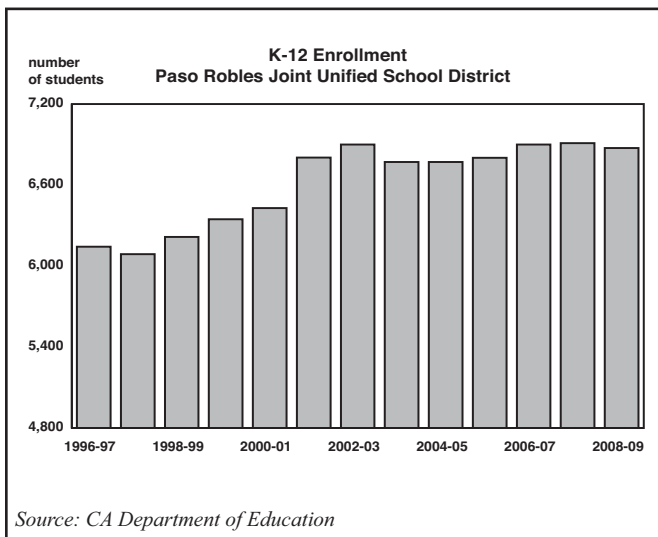
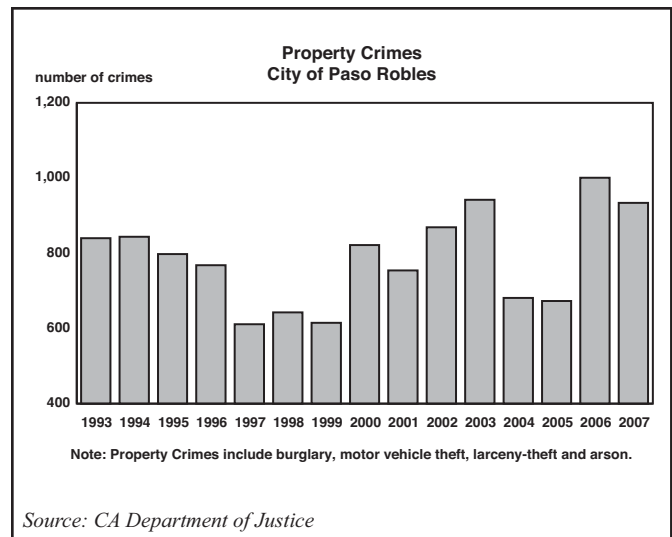
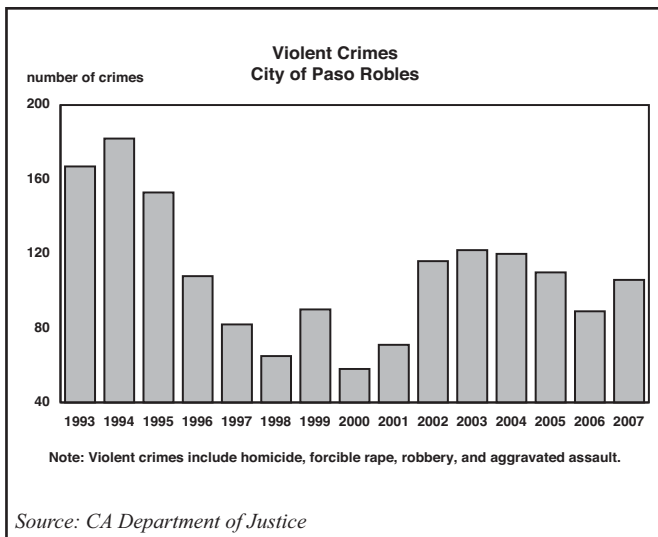
- Paso Robles' non-residential building permits, while down, are stronger than housing permits.



- Virtually all of Paso Robles new construction has been retail space.



- Paso Robles' total building permit values continue to decline. Next year will likely bring a modest recovery.





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